

Econ P 26.14

*Quarterly Journal
of Economics*

The

Nation's



Business

Agriculture . Mining . Manufacturing
Transportation . Distribution

Finance . Education . Professions
Government . Altruism

Entered as second-class matter, February 18, 1913, at the Post-Office at Washington, D. C., under the Act of March 3, 1879.

Volume II.
Number 5

PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA
Washington, D. C.: May 15, 1914.

\$1.00 a Year
10 Cents a Copy

The Chamber's Trust Referenda

By the 29th of May, every organization affiliated with the National Chamber should record its Referendum vote on the principles of trust control involved in the Interstate Trade Commission.

The Referendum vote will decide what is to be laid before the members of Congress relative to business opinion on the definite principles of the Interstate Trade Commission. The stronger the vote, the clearer the impression.

By caucus of the House, it has been settled that the Interstate Trade Commission bill and the Clayton omnibus bill (which includes various further principles of trust control) shall pass in some form or another.

Although the Newlands omnibus bill introduced in the Senate includes an Interstate Trade Commission, while the Clayton omnibus bill does not, the principle of an Interstate Trade Commission is to be the subject of action in both Senate and House.

On May 19 and 20, the Special Committee of the Chamber on Antitrust Legislation will make its report to the Directors relative to all other principles involved in the Clayton and Newlands omnibus bills.

Immediately thereafter these additional principles of trust control will be made the subject of a Referendum in connection with which a prompt vote will be essential.

The business forces of the nation should fully understand the significance of legislative changes that have occurred since the last issue of The Nation's Business.

Careful analyses of the Newlands omnibus bill, the Clayton omnibus bill, and the powers of the Interstate Trade Commission in the Covington bill, will be found on pages 3 and 4. These bills include more than was anticipated in the tentative measures made public subsequent to the President's message in January.

Outline of Contents for May 15th, 1914

	PAGE
Status of Antitrust Legislation - -	3 and 4
The National Budget Explained -	5, 6 and 7
Activities of the National Chamber - -	8
Cape Cod Canal Cut Through - - -	9
A New Immigration Policy - - - -	10
State Agricultural Colleges - - - -	11
Proposed Amendments of Harter Act -	12 and 13
Membership Campaigns Explained - -	14 and 15
Chambers of Commerce and City Planning -	16

THE NATION'S BUSINESS

Published Monthly by the
CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA
Riggs Building, Washington, D. C.
NEW YORK OFFICE—WOOLWORTH BUILDING. CHICAGO OFFICE—10 SOUTH LA SALLE STREET.
SAN FRANCISCO OFFICE—MERCHANTS EXCHANGE BUILDING.

Subscription Price:
\$1.00 Per Year

G. GROSVENOR DAWE
EDITOR

Entered as Second-class Matter, February 18, 1913, at the Post Office at Washington, D. C.
Under the Act of March 3, 1879.

THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

PRESIDENT
JOHN H. FAHEY, Boston.

VICE PRESIDENTS
J. N. TEAL, Portland, Ore.
A. H. MULLIKEN, Chicago, Ill.
A. B. FARQUHAR, York, Pa.
ROBERT F. MADDOX, Atlanta, Ga.

TREASURER
*JOHN JOY EDSON, District of Columbia.

CHAIRMAN EXECUTIVE COMMITTEE
JAMES G. CUTLER, Rochester, N. Y.

GENERAL SECRETARY
ELLIOT H. GOODWIN.

ASSISTANT SECRETARY
D. A. SKINNER.

CHIEF OF EDITORIAL DIVISION
G. GROSVENOR DAWE.

FIELD SECRETARY
EDWARD F. TREFZ.

DIRECTORS

*FREDERICK BODE, Chicago, Ill.
CHARLES BOETTCHER, Denver, Colo.
FREDERIC E. BOOTHBY, Portland, Me.
L. C. BOYD, Indianapolis, Ind.
THOMAS BURKE, Seattle, Wash.
PAUL T. CARROLL, San Francisco, Cal.
*HOVEY C. CLARKE, Minneapolis, Minn.
FRANKLIN CONKLIN, Newark, N. J.
*JAMES G. CUTLER, Rochester, N. Y.
*WILLIAM HARRIS DOUGLAS, New York, N. Y.
*HOMER L. FERGUSON, Newport News, Va.
*CHARLES S. KEITH, Kansas City, Mo.
WILLOUGHBY M. MCCORMICK, Baltimore, Md.
CHARLES NAGEL, St. Louis, Mo.
JOHN W. PHILIP, Dallas, Tex.
GEORGE POPE, Hartford, Conn.
JOHN H. REYNOLDS, Rome, Ga.
*R. G. RHETT, Charleston, S. C.
LEON C. SIMON, New Orleans, La.
WM. H. STEVENSON, Pittsburgh, Pa.
*RALPH STONE, Detroit, Mich.
*T. L. L. TEMPLE, Texarkana, Ark.
C. E. YOST, Omaha, Neb.

*Indicates members of Executive Committee.

ON the cover page and on pages 3 and 4 appear statements relative to trust legislation proposed, and the Referenda on the subject now being taken and one to be taken by the National Chamber. It should be emphasized that the National Chamber can not be committed on any vital question unless that question has first been submitted to its organization members for their vote.

It is obvious, therefore, that the concentration of the opinion of the business men of the country on national questions becomes more forceful and effective when the opinion announced is arrived at through the action of commercial organizations both small and large and operative in various states and in widely separated regions of the United States.

Because of the democratic basis of organization adopted in connection with the Referendum vote, it is self-evident that organizations neglecting the opportunity to record a vote detract from the value of any vote as announced. The very heart and center of the national influence of the National Chamber is found in the Referendum system. The officers are guided by the votes of the members and are then justified in laying business opinion before Congress, and the Departments, and the President.

It is immediately important to cast the vote on the principles of an Interstate Trade Commission before May 29.

THE readers of THE NATION'S BUSINESS are urged to consider the article appearing in this number relative to the National Budget. This article was prepared at much cost of time by Harvey S. Chase, one of the five experts who formed the President's Commission on Economy and Efficiency during the last administration. His general statements and the supporting statistical tables carry with them authority.

The very first Referendum taken by the Chamber of Commerce of the United States of America (January 14, 1913), pertained to the establishment of a National budgetary system. The vote in favor of such a system was 573 in favor to 10 against. The unanimity of commercial organizations in this matter of a National Budget was unquestionably due to the conviction that in business enterprises

full financial knowledge is necessary—the sources of income and the directions in which expenditures should be made; for it is realized that no business can be successfully managed without an understanding of these essentials. Consequently, as the organizations of business men considered the subject, they realized that the greatest single business in America, with the most varied forms of activity, was the government itself—its income huge, its expenditures equally great, and the lines of its activity varied almost beyond imagining. This great business therefore should have applied to it the same common sense and foresight that are applied to any business of a simple character. Such opinion will be confirmed by scrutinizing the article on the National Budget.

THE question of immigration is presented in a very hopeful light by Dr. Sidney L. Gulick on page 10. He argues, in effect, that if the Nation has retained its general characteristics as a republic notwithstanding the arrival of vast numbers of aliens, it is safe to assume that the characteristics can be made permanent should we regulate the number arriving each year from each nation. The question is altogether one of assimilation. The concentration of foreign elements in a city or in a region presents the real difficulty of assimilation.

There are fifteen important manufacturing cities of the Nation where less than twenty per cent of the population is native born or of native parentage. There is one manufacturing city in New Jersey where eighty-five per cent of the population is foreign born or of foreign parentage. There is a city in Massachusetts where eighty-six per cent are foreign born or of foreign parentage. The Borough of Manhattan has a population that is eighty-five per cent foreign born or of foreign parentage.

Between 1820 and 1913, the immigration to the United States was 30,808,944. So far we appear to have successfully assimilated nearly all foreign elements in the second generation, but where concentration is extreme, it is difficult for American ideas and ideals to obtain lodgment.

The problem is possibly not to be met by regarding the immigrant

swarms as a mass, but chiefly by regarding the mass as consisting of individuals with like hopes and general purposes with those of our own people. The touch of the individual foreigner, by the broad sympathy of the American, whether it come through the schools or through business contact, is unquestionably the surest way to bring national strength out of that which at times of doubt appears to be a national menace.

The thoughtful suggestions of Mr. Gulick will therefore be read with interest.

EVERY organization that is a member of the International Congress of Chambers of Commerce should endeavor to secure representation at the Paris meeting, June 8.

Important subjects will be taken up that have relation to international business.

Sixteen hundred delegates are expected. The prominence of the United States in the world's commerce renders it important that our organizations should have their delegates there, not merely to report back the discussions but also to take part in the meetings and in the three weeks tour of France. For details of the programme and the trip see the March issue of THE NATION'S BUSINESS. Additional details are on page 8 of this issue.

The names of delegates must be sent immediately to the Secretary of the Congress in Paris.

DURING the month President Wilson announced his selections for the Federal Reserve Board as follows:—

Richard Olney, lawyer, Boston, governor of board.

Paul M. Warburg, banker, New York City.

Harry A. Wheeler, banker, Chicago.

W. G. P. Harding, banker, Birmingham, Ala.

Dr. A. C. Miller, of San Francisco.

Secretary McAdoo and John Skelton Williams, Controller of the Currency, are ex officio members.

To the regret of his many friends and admirers, Harry A. Wheeler, president of the National Chamber from 1912 to 1914, has found it necessary to decline the honor. In connection with his declination, Mr. Wheeler issued a statement in Chicago May 15. He said:—

"I am not at liberty to disclose the nature of the correspondence between the President and myself, all of which has been of a most frank and confidential character. It is only fair, however, to say that my declination of the President's offer is not to be construed in any sense as indicating distrust in the workability of the Federal reserve act, and the decision was made with the sincerest regret that I could not make my plans square with the requirements of the law."

Hon. Richard Olney, Secretary of State under President Cleveland has also declined.

IN the antitrust discussions at the Annual Meeting in February, several speakers mentioned the German "cartels" as indicating, for that commercial nation, a form of organization relative to production, manufacturing and consumption whose workings should be more fully understood in the United States. According to a German definition, a "cartel" is a union of independent producers or consumers of products for manufacturing purposes, having for its aim the limitation of free competition for the purpose of obtaining better profits. In other words, independent producers may combine voluntarily to limit their competition in reaching the consumer; and again consumers may combine to place their purchases upon a more profitable basis. Generally, however, cartels are organizations of producers. They may be stock companies, limited liability companies, ordinary associations, or may not even have the form of an association and represent merely a contractual relationship between several producers.

Those who are interested in a fuller understanding of the cartel system should read pages 84 to 95, of a volume just issued by the Department of Commerce (Commercial Agents' Series No. 78) entitled "Commercial Organizations in Germany." These pages describe the character of cartels, the forms of organization, the distribution among industries, the aims and policies, the effect on industries, the effect on commerce and their relation to export bounties. The pages also describe the actual working methods of the Rhenish Westphalian Coal Syndicate; pig iron syndicates, steel syndicates, the electrical trades, and the alcohol syndicate.

Conditions in Colorado

THE Denver Chamber of Commerce, a constituent member of the Chamber of Commerce of the United States, has placed in the hands of THE NATION'S BUSINESS a statement regarding conditions arising out of the coal strike in Colorado, that it desires to have read and considered by each other constituent member of the National Chamber. The statement follows:

Denver, Colo.,
May 8th, 1914.

TO THE PUBLIC:

The deplorable conditions arising out of the coal strike in Colorado have necessitated the calling of federal troops to the assistance of the Governor and local authorities, and have attracted the attention of the whole country.

Certain newspapers of Denver, the capital of the state, have grossly misrepresented the actual facts. They have published accounts of the so-called battles in the coal fields and sent them broadcast over the country. In these accounts they have charged the State militia with massacring women and children, and by their lurid statements have incited ignorant men to commit acts of lawlessness in attacking coal mines and the defenders thereof, including the State militia, which attacks have resulted in great destruction of life and property.

In truth and in fact the State militia have killed no women or children, and none have been killed by any person or persons. Two women and eleven children were found dead from suffocation under a tent, where they had gone without the knowledge of the militia. Others were discovered by the State militia in similar places and were rescued by them at great risk to themselves. One boy of twelve was shot in one of the fights, but by whom and under what circumstances is not yet known.

Because of this situation this Chamber deems it to be its duty to enter its vigorous protest against the misrepresentations and incitements to violence which have gone out from newspapers of this city, and to support the Governor and the authorities, state and national, in the enforcement of law and order. While some things may have been done by individuals which are not to be defended, which is always the case when industrial contests reach an acute stage, this Chamber asks the affiliated organizations to urge their members and through them the people of the country to reserve their judgment and give full credit to the Governor, and all those acting under him, including the State Militia, for an honest purpose and effort to maintain law and order and the protection of life and property in this state under peculiarly trying circumstances.

BOARD OF DIRECTORS,
THE DENVER CHAMBER OF COMMERCE.
By THOMAS B. STEARNS,
President.

Present Status of Antitrust Legislation in Congress

Marked changes in the status of antitrust legislation have occurred within the month. The Interstate Trade Commission bill of the House has been supplemented by the Clayton "omnibus" bill. In the Senate the Committee on Interstate Commerce has brought forward the Newlands "omnibus" bill. These three measures and the Rayburn bill described below include in their present scope every corporation organized for profit. The following analyses or summaries should be considered by all interested in corporations. They go beyond President Wilson's message of January 20 in some particulars.

FROM the day of President Wilson's anti-trust message in January up to the present time there has been extraordinary activity in relation to the subject of corporate control, on the part of Congress, of business men generally, and of commercial organizations of all kinds.

The National Chamber, through its officers and members, convinced of the vital effects of the proposed legislation, lost no time in so studying the whole subject as to aid National opinion in reaching conclusions.

Less than four months have elapsed since the President's message. Three weeks after, the second annual meeting of the National Chamber dealt with the principles of trust control in a gathering of great moment to business. Within five weeks it had a Special Committee at work. Within eleven weeks it had a Referendum in the hands of organizations in all states. By May 29, it will be able to announce the business opinion of the Nation relative to the principles involved in the Interstate Trade Commission.

No Referendum has appealed more to business forces. In advance of the closing date of the Referendum, a number of constituent organizations have approached all other members with pamphlets and letters directed towards evoking an opinion on some phase of the subject. Certain organizations have declined to vote either for or against, through disinclination to appear as favoring any legislation at all at this time. On the other hand, such an organization as the Association of Commerce of Chicago has, through a committee, prepared a measure that it considers adequate and has appeared before Committees of Congress in advocacy of the measure.

The interest in the subject is increasing instead of decreasing. The Interstate Trade Commission Bill in the House has been followed by the Clayton "Omnibus" Bill; and that in turn in the Senate Committee on Interstate Commerce, by the Newlands "Omnibus" Bill.

The Special Committee of the National Chamber is now preparing to send out another Referendum on the additional principles of legislation definitely laid before the public by these two bills. Vigilance in relation to the scope and meaning of these bills is necessary; activity in securing an adequate expression of business opinion is also necessary.

To render the situation as clear as possible, there is here included a grouping and contrasting of details of the bills now before Congress.

INTERSTATE TRADE COMMISSION

In the February issue of THE NATION'S BUSINESS, linked up with the Trust discussions of the annual meeting of the National Chamber, appeared only one definite bill dealing with the Trust question as outlined in the speech of President Wilson on January 20. This was H. R. 12120: introduced on January 22 by Mr. Clayton of Alabama; "To create an Interstate Trade Commission, etc." It had been re-

ferred to the House Committee on Interstate and Foreign Commerce. After hearings of some duration, the House Committee on Interstate and Foreign Commerce referred the bill for revision to a subcommittee. This revision was made, and after being placed before the President and the Attorney General was introduced in the House of Representatives on March 14 as H. R. 14631 by Mr. Covington of Maryland, was made public on March 16, and reported to the House on the same date. This bill for the creation of an Interstate Trade Commission, which had assumed definite form and been acted upon by the Committee of the House on Interstate and Foreign Commerce, was again revised in some particulars and reintroduced by Mr. Covington of Maryland as H. R. 15613.

The preceding statements point out that the Interstate Trade Commission bill before the House is No. 15613, superseding No. 12120 and No. 14631.

CLAYTON OMNIBUS BILL

In the January issue of THE NATION'S BUSINESS also appeared three tentative measures, one supplementing the Sherman Law, another defining certain offenses under the Sherman Law, and a third prohibiting certain forms of interlocking directorates. All three had been made public in January. On March 18 a fourth tentative measure, dealing with Holding Companies, or "intercorporate stockholding" was made known by Mr. Clayton. On April 14 Mr. Clayton introduced H. R. 15657, now known as the Clayton Omnibus Bill, which included the features of the tentative measures and some additional matters having no special reference to anti-trust laws; such as the issue of injunctions and also contempt of court. H. R. 15657 went to the House Committee on the Judiciary April 14, was ordered reported to the House on May 2, and was formally reported May 6, accompanied by the report of the Committee (House Report No. 627).

The above statements make clear that there are only two main anti-trust bills before the House, the Covington bill creating an Interstate Trade Commission; and the Clayton Bill: "To supplement existing laws against unlawful restraints and monopolies, and for other purposes."

NEWLANDS OMNIBUS BILL

On January 24 Senator Newlands introduced S. 4160 which was identical with H. R. 12120, referred to above. The Newlands Bill was referred to the Senate Committee on Interstate Commerce the same day, and then passed into the hands of a subcommittee, where it underwent many changes; finally being returned to the whole committee on April 30. Its present form is an omnibus bill, including the project of an Interstate Trade Commission as well as prohibitions against interlocking directorates, holding companies, stocks and bonds issued or contracted for at less than par, etc. It is understood that this bill includes all proposals which the subcommittee believes should now be enacted in carrying out the suggestions of President Wilson in relation to

"trusts." Hearings are in progress on the Newlands Omnibus Bill.

The above statement makes clear that while there are two anti-trust bills to come before the House, there is only one in the Senate; but that this one embraces in some parts the features of the two in the House; as will be seen in the following summaries:—

POWERS OF COMMISSION

There are three important differences between the powers of the Interstate Trade Commission as conferred by the Covington Bill and the Newlands Omnibus Bill. The latter gives the Commission power to institute investigations on its own initiative; also extends its power over all trade associations; and also provides that reports could be required of all corporations and not a certain few of large capitalization. A summary of the powers follows:—

THE COVINGTON BILL:—The powers of the Interstate Trade Commission would be (1) to exercise all the powers of investigation now possessed by the Bureau of Corporations, extending to all corporations engaged in interstate commerce, except common carriers; (2) to receive annual reports from all corporations which have a capital of \$5,000,000 or more and from such other classes of corporations as the Commission might determine, and to require such special reports as it might consider advisable; (3) upon direction of the President, the Attorney General, or either House of Congress, to investigate the organization, management, and business of any corporation while it is engaged in commerce which Congress has power to regulate, and to make a report which might include recommendations for readjustments to bring about conformity with law, or in case investigation developed unfair practices not prohibited by existing law, to make report to the President to aid him in recommending new legislation; (4) Questions concerning an appropriate form of decree in equity suits brought by the Government under the antitrust laws may be referred to the Commission by a federal court upon conclusion of the testimony if the court believes the government is entitled to relief. When a report is submitted to the court exceptions may be filed and proceedings had as if it were the report of a Master, and the court may adopt or reject the report in whole or in part; (5) to ascertain the manner in which decrees in cases brought under the Sherman Act are carried out. It may make the report public. The power to investigate upon the complaint of private persons is eliminated. To effect its purpose, the Commission would have powers of subpoena, and might apply to Federal district courts for mandamus; in a new section it is expressly given the same powers to compel attendance and testimony of witnesses as those possessed by the Interstate Commerce Commission. The Commission would transmit to Congress in annual reports facts and statistics of value in the determination of questions connected with the conduct of commerce by corporations and make public recommendations for new legislation regarding unfair competition or unfair practices. The section concerning annual reports of the Commission now requires these reports to include an abstract of the annual and special reports which corporations have made to the Commission, with a proviso that no trade secrets or private list of customers shall be embraced in any such abstract.

PUBLICITY:—All questions of publicity for reports and for information gathered are to be in the discretion of the Commission.

THE NEWLANDS BILL:—The general powers of the commission are restated and in addition to the powers of the present Bureau of Corporations include, as to any corporation engaged in commerce which Congress can regulate, (1) authority to investigate or-

ganization, business, management, relations with other corporations, etc.; (2) to require any such corporation to furnish information and produce original records; (3) to prescribe as near as may be a uniform system of annual reports; (4) to make rules, classification of corporations, etc.; (5) in equity suits brought by the U. S. under the Sherman or other anti-trust laws, upon a finding by the court for the complainant, to act as a master in chancery with reference to the form of decree, if any party to the suit so moves; (6) to investigate the manner in which decrees are carried out; (7) to submit to the Attorney General its findings and the evidence if in any investigation it comes to a conclusion that any corporation has violated any law of the U. S. regulating commerce. It will be noticed that this bill differs from the House bill in that annual reports could be at once required of all corporations, instead of those with capital of \$5,000,000 or more.

The powers of the commission are expressed to extend to all trade associations engaged in or affecting commerce,—a provision not found in the House bill.

Investigations by the Commission would be instituted on its own initiative or upon suggestion from the President, Attorney General, or either House of Congress. The express requirement of the House Bill that the commission investigate upon the direction of the President, the Attorney General, or either House of Congress, is omitted.

ADDITIONS TO SHERMAN LAW

In the Clayton Bill, the text of the first tentative measure known as the "Additions Bill" (see page 13 of THE NATION'S BUSINESS for February) has been closely followed.

DISCRIMINATION IN PRICES:—The Clayton Bill prohibits discriminations in prices for the purpose of injuring a competitor, but permits questions of transportation, grades, and volume to be taken into consideration. Discriminations are made misdemeanors, subject to the same penalties as those imposed under the Sherman Law.

The provision about *mines* is made affirmative,—i. e., is made to read that it is unlawful for the owner or operator of a mine to refuse arbitrarily to sell to a responsible applicant.

For arbitrary refusal to sell the product of a mine criminal penalties are now provided.

The prohibitions of discriminations in price, of discriminations among purchasers of the products of mines, and of exclusive-agency contracts are so limited as not to apply to the export trade. The Newlands Bill makes no references to discrimination in prices.

EXCLUSIVE CONTRACTS:—The prohibition of *exclusive agency contracts* in the Clayton Bill has been broadened to make it a misdemeanor to make any lease or sale of goods, machinery, etc., on condition that goods, machinery, supplies, etc., of a competitor are not to be used or dealt in. The Newlands Bill makes no reference to this subject.

PRIVATE SUITS AND GOVERNMENT DECREES:—The section in the "Additions Bill" which permits private persons to use as conclusive evidence decrees obtained in government suits under the anti-trust laws has been amended in the Clayton Bill to permit defendants to take advantage of decrees which are in their favor.

LABOR UNIONS:—With reference to labor unions and like organizations, a new section in the Clayton Bill declares that nothing in the anti-trust

Anti-Trust Legislation

(Continued)

laws is to be construed to forbid the existence and operation of those organizations or to prevent individual members from carrying out the legitimate objects of such associations.

RAILROAD CONFERENCES:—After the paragraph in the Clayton Bill regarding labor unions a new paragraph is inserted sanctioning associations of traffic, operating, and other officers of railroads formed for purposes of conference or of making any lawful agreements as to matters subject to supervision by the Interstate Commerce Commission. This does not permit pooling.

INJUNCTIONS:—In the Clayton Bill the right of private persons to injunction against violation of the anti-trust laws would not permit them to have injunctions against railroads. The section regarding injunctions is elaborated with reference to temporary restraining orders and the circumstances under which these may be issued without notice. Notice is required as a prerequisite to all temporary injunctions.

DEFINITIONS UNDER SHERMAN LAW:—All of the second tentative bill, usually called the "Definitions Bill," (see page 13 of THE NATION'S BUSINESS for February) is omitted from the omnibus bill, except the proposal that wherever a corporation is guilty of a violation of any of the anti-trust laws the offense is to be deemed also the act of individual directors, officers, and agents who authorize or do any of the prohibited acts.

INTERLOCKING OF DIRECTORS

In the Newlands Bill there is a general prohibition of interlocking of directors or officers among corporations carrying on competitive business, with a proviso that within a year a corporation may file with the commission (in the case of carrier corporations, with the Interstate Commerce Commission) a petition alleging that even if the businesses are found to be competitive in any degree the community of directors or officers does not substantially impair competitive conditions. If after public hearings, at which the Attorney General and any person engaged in a competitive business may appear, the commission makes such a finding, the interlocking is removed from the general prohibition. If the commission reaches a decision adverse to the petition, it will issue an order requiring that within a period not longer than 3 months the interlocking be done away with. Findings favorable or adverse to a petition could subsequently be altered. No findings of the commission in this connection could have any effect upon proceedings under the Sherman Act.

The provision regarding interlocking applies to all corporations engaged in or affecting commerce which Congress can regulate, except banks.

Penalties for violation of the provisions regarding interlocking would fall upon individuals.

The Clayton Bill is definite in detailing prohibited interlockings. Full summaries follow:—

RAILROADS AND BANKS:—The prohibition of interlocking between directors and employees of railroads and of other corporations is made to extend to "the business, in whole or in part, of producing or selling equipment, materials, or supplies to, or in the construction or maintenance of railroads." The prohibitions also extend to banks which act as agents, participate in underwriting, or make purchases of issues or parts of issues of securities of a railroad.

RAILROADS AND SUPPLIES:—The prohibition of interlocking directors between business dealing with railroads and railroads is broadened to forbid interlocking between business supplying materials and equipment on the one hand and any corporation engaged in commerce on the other hand, to which sales are made.

BANK DIRECTORS:—In regard to interlocking of directors among banks there are now two prohibitions: The first is absolute against interlocking between any bank organized under Federal laws and any other bank located in the same city or town, if it has more than 100,000 inhabitants. The second prohibition is against interlocking if either of the banks, regardless of location, has deposits, capital, surplus and undivided profits aggregating more than \$2,500,000. In the paragraph regarding interlocking of directors among banks it is now provided that in so far as the aggregate of deposits, capital, surplus, and undivided profits has a bearing, the aggregate is to be determined by the average for the preceding fiscal year, and a director lawfully elected may continue to serve for one year even if the aggregate meanwhile exceeds \$2,500,000.

MUTUAL SAVINGS BANKS, ETC.:—Mutual savings banks not having capital stock represented by shares are entirely removed from the operations of the sections regarding interlocking of directors. Express authority is given for interlocking with one bank or trust company when the stock of a second bank or trust company is wholly owned by the stockholders in the first. The three directors of a Federal Reserve Bank who are chosen by the member-banks are not by reason of their service on the board of the Reserve Bank to be disqualified for service as officers or directors of member-banks.

INDUSTRIAL AND COMMERCIAL CORPORATIONS:—Among industrial and commercial corporations there is a prohibition of interlocking of directors only if, by virtue of the business and location of the corporations in question, there is competition such that its elimination by agreement would violate the antitrust laws.

INTER-CORPORATE STOCKHOLDING

The part of the Clayton Bill which relates to holding companies follows verbatim, all essential provisions of the text of the tentative bill made public on March 18 (see THE NATION'S BUSINESS for March, page 15), except that in a new paragraph is added to prevent it from being illegal for a railroad to aid in the construction of branch or short lines so located as to become feeders, to own all or any of the stock of such lines, or to extend any of its own lines.

In the part of the bill relating to acquisition by one corporation of stock in another corporation the acquisition is made illegal only if the lessening of competition which results is substantial.

In the Newlands Bill there is a general prohibition against any corporation owning or controlling any part of the capital stock or other means of control of any other corporation carrying on a competitive business, or of other corporations which themselves compete, with a proviso that within a year a corporation might file a petition (in the case of carrier corporations, with the Interstate Commerce Commission), alleging that, if there is found to be in fact competition, the ownership or control does not substantially impair competitive conditions. A favorable finding of the commission, so long as unaltered, would remove the ownership from the prohibition. At hearings the At-

torney General and any person engaged in a competitive business would be heard. Findings of the commission are to have no effect upon actions brought under the Sherman Act.

The provisions relating to holding companies apply to all corporations which Congress can regulate, except banks.

There is a separate provision concerning interlocking between railroads and corporations with which they deal in financial matters, as in purchases or sales of property, in that the provision would not become effective until two years after the bill was passed.

Persons injured by violation of the provisions regarding holding companies could sue for three-fold damages.

Penalties for violation of the sections regarding holding companies would fall on individuals, as indicated below under "Personal Liability of Directors."

ADVICE IN ADVANCE:—In connection with holding companies, as stated in the Newlands Bill, there is a special provision in the case of corporations subsequently organized for the purpose of acquiring capital stock or other means of control in two or more other corporations. Before proceeding to acquire the stock in question, such a corporation would have to file a petition with the commission (or with the Interstate Commerce Commission, in case of carrier corporations) and obtain a favorable finding to the effect that its ownership would not substantially impair competitive conditions.

STOCKS AND BONDS

The Newlands Bill contains a prohibition against issue of stocks unless they are paid for in full at par or contracted so to be paid. If property and services are to be accepted in payment of stock, a certificate of the commission (of the Interstate Commerce Commission, in the case of railroads) would be required as a prerequisite, setting out the actual value as found upon investigation. This provision would not suspend any State laws on the same subject.

The provision regarding watered stock applies to all corporations engaged in commerce which Congress can regulate, except banks.

THE RAYBURN BILL:—The Clayton Bill in its present form omits reference to the subject of stock and bond issues, but on May 7, Mr. Rayburn of Texas introduced H. R. 16133; "To amend Section 20 of an act to regulate Commerce." An outline follows:—

A certificate of notification would have to be filed by carriers proposing to issue securities, showing full particulars, such as amount outstanding, amount of proposed issue, par value, disposition to be made of proceeds, preference rights, etc. In the case of notes maturing within 12 months the certificate could be filed 10 days after issue; for other securities filing would be a prerequisite to issue.

Advance approval by the Commission, after investigation, would also be required, except as to notes maturing within 12 months (in the aggregate not to exceed 5% of the stocks and bonds) and issues of securities would be unlawful except for purposes necessary properly to perform services for the public within the corporate powers. When application for approval of proposed issue was filed notice would have to be given to State authorities who might be interested, and they would have right to be heard.

Issues of securities contrary to the provisions of the bill could be enjoined by U. S. or by any stockholders. Officers and directors participating in unauthorized issuance would be subject to fine of \$1,000 to \$10,000 and imprisonment.

The Commission would have the duty to make public information it received in so far as it thought proper and would make all certificates matters of public record.

In making investigations the Commission would have access to records of railroads, including correspondence, and would have authority to compel persons having financial

transactions with railroads to submit their books, etc.

STATUTE OF LIMITATION

The Newlands Bill provides that while any suit brought by the U. S. under the antitrust laws was pending the statute of limitations in respect to private rights based upon any matter involved would be suspended.

PERSONAL LIABILITY OF DIRECTORS

A violation by a corporation of any of the provisions of the Newlands Bill would be deemed an offense of each director, officer, or agent who authorized or ordered any of the acts in question, and upon conviction the penalty would be a fine not exceeding \$5,000, or imprisonment not exceeding one year, or both.

ENFORCEMENT BY ATTORNEY GENERAL

To prevent and restrain violation of the provisions of the Newlands Bill the Attorney General could bring suits in equity in the same manner as under the Sherman Act.

Public Service Incomes

The fifth annual public service corporation review made by the Financial World of New York and Chicago, appeared under date of April 25th. Two hundred and eighty-six of the leading public service corporations were reported on.

Gross earnings of these 286 companies for the year were \$866,416,400, or \$54,857,676 greater than a year ago. The percentage of increase was 6.76 per cent.; net earnings were \$370,801,186, a gain of \$19,492,267, or 5.55 per cent., and surplus after all allowances for fixed charges and dividends, was \$81,113,567, a gain of \$2,655,893, or 3.54 per cent.

During the year these 286 companies disbursed to investors in interest on bonds, including all other charges, \$150,223,407, which was \$10,787,446, or 7.73 per cent., more than a year ago, and in dividends there was paid \$130,777,354, which amount was \$5,881,041 greater than a year ago.

FOREIGN TRADE CONVENTION:—In Washington, on May 27 and 28, a National Foreign Trade Convention will be held at the Hotel Raleigh.

The program as announced will include many papers of national and international value. The interesting experiment will be made of having all papers prepared, printed and distributed in advance. Thus will be devoted the greater part of the sessions to practical discussions based upon the papers.

The National Foreign Trade Convention will be held under the auspices of the American Manufacturers Export Association, American Asiatic Association and the Pan American Society of the United States.

The purpose of the Convention is to give expression to the views of men representing the productive activities of the country.

Among the papers for discussion are announced:—

Present commercial conditions in the United States, with special reference to Foreign Trade: Northern States; The New England States; and their place in Foreign Trade; Central States; Southern States; Gulf States; Pacific Coast.

Importance of Foreign Trade to the Railroads: Ocean Transportation: The Relation of the Merchant to Import and Export Trade: Foreign Trade as affected by the Sherman Law: Foreign Trade and Foreign Loans.

The Federal Reserve Act and its effect upon Foreign Trade: The Tariff and Foreign Trade: The Panama Canal and Latin-American Trade Possibilities: Our Dependencies: South and Central America: The Orient; Trade with Australasia.

Government Assistance in Foreign Trade: The Diplomatic and Consular Service: The Department of Commerce: The Balance of Trade.

National Expenditures Presented in Budget Form

Prepared by Harvey S. Chase

Certified Public Accountant, Washington, D. C. and Boston, Mass.

The Chamber of Commerce of the United States of America by the vote of its constituent members, stands committed to the advocacy of a budgetary system applied to national finances. It is a pleasure, therefore, to include a budgetary presentation of the appropriations now under consideration by Congress. The writer and compiler, Mr. Chase, was a member of the President's Commission on Economy and Efficiency. The form in which the budget is submitted below permits the public and Congress at once to consider sources of revenue and the directions in which expenditures are to be made. Thus a comparatively simple array of figures permits all, legislators and public alike, to get a picture of national finances. Such a presentation of facts by the President of the United States to the Congress of the United States would apply business principles to national finances.

IN his "budget" message to Congress in February, 1913, former President Taft said:—"Under the Constitution the power to control the purse is given to Congress. But the same paragraph also requires of the administration the submission of a regular statement and account of the receipts and expenditures. 'The President shall from time to time give to the Congress information of the state of the Union and recommend to its consideration, such measures as he shall judge necessary and expedient.' Pursuant to these constitutional requirements, I am submitting estimates of revenues and expenditures in the form of a budget."

Recommendations were made by President Taft in this message that appropriations should be enacted hereafter under four general classifications and that accounting for "expenditure" by the departments and establishments should follow the same classifications, namely:—

1. Appropriations for "operation," including administration.
2. Appropriations for "upkeep of property" (repairs, maintenance, and depreciation).
3. Appropriations for "fixed charges," including interest and redemption of the public debt.
4. Appropriations for "permanent improvements" (land, buildings, equipment, new construction, etc.)

In relation to these he advised that:—"The first class should be provided by annual appropriations ordinarily, though in many cases by biennial, triennial or other less frequent appropriations; the second should be provided by "replacement funds," through permanent appropriations; the third by permanent appropriations ("recurrent," without further legislation); the fourth by permanent appropriations from which allotments may be made annually. Such allotments should be definitely provided from revenue or from bond issues, as may be specified. If the latter, the bonds should be retired on short terms by effective sinking-fund provisions, or by serial redemptions.

THE RELATIONSHIP BETWEEN "REVENUE" AND "EXPENDITURE"

All Government expenditures must ultimately be met by revenue and by revenue only.

The issuance of bonds or other evidences of debt is merely a temporary expedient—in sound financing—and the payment of these debts must come from revenue: i. e. from surplus revenue devoted specifically to this purpose.

All nations with responsible ministries provide revenue for their respective governments by means of "budgets." The finance minister prepares estimates of the needed expenditure in summary and in detail. He submits these estimates to the legislative body, or bodies; together with estimates of revenue, also in summary and in detail. He balances these, one against the other, increasing taxes in number or in rate, if more revenue must be had or cuts expenditure estimates if taxes cannot safely be increased—whether for political or economic reasons.

The central feature of the Budget is this balance of revenue against expenditure

It is the primary necessity in nearly all national finance. It is the rock upon which ministerial ships split and founder. It is the danger signal and the rallying point for the opposition to a party or a ministry.

In the United States we have not had this fundamental requirement of national finance for many years, mainly because of the phenomenal growth of our wealth and our population and because our taxes have been principally indirect taxes—custom duties, established for purposes of "protection" to our industries and our labor. Revenue has been, therefore, not dependent upon expenditure, with

corresponding direct taxation as in most other nations. Revenue has, on the contrary, been produced incidentally, as it were, and usually in excess of the amount needed for economical and efficient administration. Hence our extravagance as a nation; hence our public building bills; our rivers and harbors' acts; our inefficient civil service, our "pork barrels" and our contempt of economies and economics.

WHY NO BUDGET HITHERTO

This indirect revenue is one of the reasons why this country has never had a "budget" and yet has gone on from year to year growing ever more wealthy, ever more extravagant, and ever more contemptuous of budgetary requirements and of the financial methods of foreign nations. Now in 1914 we are beginning to be pulled up with a round turn. Now, with our tariff reforms and our income taxes we are departing sharply from the ways of the fathers. Moreover, in our private business competitions we hear and join in the slogan of "efficiency," which tends to dominate the activities of business of the present day. It is creeping into governmental methods likewise; into our cities and our states, witness "commission government" in cities, and note "university extension" in state affairs; into our national departments, witness the demand for cost accounting and for uniform classifications of expenditures. What do these developments mean? What do they portend? Evidently an approach to a closer balance between revenue and expenditure; to an increased attention to this relationship and to a sharper critical demand for efficiency—which necessarily includes economy—in government expenditure. In other words, it portends the approach of the budget and budgetary methods in national finance in this country, as in other countries.

THE FIRST STEP

The first step must necessarily be the broadest step, if not the highest. This step is outlined in the exhibits and explanations which follow. This step is practicable, and should be taken promptly. To illustrate it:—suppose that the President is about to submit to Congress and to the public his annual message at the beginning of the session. He has, we will say, adopted the budget idea and has prepared a message supported by tables of figures based upon estimates of proposed expenditures and estimates of expected revenues furnished to him by his Cabinet Officers and the heads of the government establishments. These estimates have been prepared in two ways. First, in the ordinary way as required by present legislation. Secondly, in a new way arranged in logical order and intelligible sequence, grouped by purposes or functions of government; segregated by character of expenditure, whether for current expenses or for capital outlays and for subdivisions of each. The revenues, too, have been carefully calculated, verified, compared with other years, due allowances made, non-revenue receipts eliminated, trust funds and trust income separated, all remaining revenue concisely classified and the available total determined. The President, with the advice of his Cabinet—and probably with the assistance of a "central administrative accounting bureau"—has prepared these estimates of revenue and of expenditure in budgetary form. He has struck a balance. He has accepted the anticipated result, whether it be a surplus of revenue or a deficit. If the latter, he has considered methods of providing for the deficit. With these data before him, he constructs a budget as follows:—he sets up the revenue by classes with explanations and a final total. He tabulates the proposed expenditures, classified as exhibited below. He first deducts from the total estimated revenue, the

"fixed charges" which must be met without question—such as interest on public debt, definite debt redemptions, revenues required for trust fund liabilities, or other special funds, pension requirements, recurrent allowances for upkeep and maintenance of public buildings, grounds, parks and the public domain generally. Having totalled these and deducted the total from the expected revenue, he next exhibits the necessary, perhaps unavoidable, expenditures for military and naval purposes, for continuation of engineering projects of great importance, and for similar requirements. The total of these is again subtracted from the remaining revenue and an amount of revenue is left which is available for less mandatory purposes. Concerning the expenditure of this portion of the revenue there may be considerable question and discussion.

JUDGING NEEDS IN ADVANCE

Whether, for instance, more shall be spent for stimulation of agriculture, with less for promotion of commerce; whether less should be provided for the function of education and more for public health, or vice versa; whether or not labor and the laboring classes need additional promotion, or whether defectives and dependents should be more liberally provided for. The wards of the nation, Indians and others, would be discussed and their necessities considered; our foreign relations, embassies, and commercial attaches would have due attention; all the various functions and activities would have each its needful consideration from the general standpoint of its relative importance to all other expenditure and to the available revenue.

Such an analysis of the finances of the government, of the purposes and character of expenditure, and of the relations of the latter to the expected revenue, would present a picture of supreme interest to every intelligent citizen in the country and one of the greatest importance in the efficient handling of financial problems by Congress.

It goes without saying that such an exhibit by the President at the opening of Congress would be intensely stimulating to the public, would awaken nation-wide interest, would provoke discussion and criticism, would flood the mail boxes of Congressmen with urgent appeals to increase here and to cut down there, and would open the eyes of the Members themselves as to what could be done and what could not be done in the way of modification and change without upsetting the balanced relations of revenue and expenditure *in toto*.

TWO VIEWPOINTS

It must be remembered in discussions concerning the national budget that there are, necessarily, two viewpoints which are quite distinct. One of these is the *INSIDE* viewpoint and the other is the *OUTSIDE*. One is the viewpoint of Congress and of the executive departments; the other is that of the intelligent citizen and of the economist interested in governmental finance.

Both viewpoints must be provided in a complete national budget. The first requires that the "estimates" (proposed expenditures) shall be classified according to *UNITS OF ORGANIZATION*, i. e., the departments, divisions, and establishments which are to spend the appropriations. The second requires that the estimates be classified according to *PURPOSES OF EXPENDITURE*, (functions of government) irrespective of the title of the department or division which is to spend the money.

The great difficulty heretofore in budget consideration has been the attempt to condense these two viewpoints into one, and to set up only a single classification. With such a classification, if arranged by organization units, the outsider (citizen, or economist) can get little information con-

cerning expenditure for purposes. If, on the other hand, the classification is made according to purposes and functions, then the average Congressman is likely to claim that he can not make head or tail out of it, so far as appropriations and legislative requirements are concerned.

This situation being acknowledged and the reasons for it perceived, it becomes evident that the budget compiler should provide both classifications, that is to say, the same total figures should be arranged in two detailed systems, one for the insider's (legislator's) and the other for the outsider's (citizen's) viewpoint. Such double classifications are provided herein.

As the present statement is intended to illustrate the needs of the outside intelligent citizen rather than that of the inside official of the Government, I have placed the functional analysis first and the organization analysis second.

I. THE CLASSIFICATION BY PURPOSES, OR FUNCTIONS

The primary distinctions exhibited in this classification are five:—1. War purposes; 2. Civil purposes, (other than postal); 3. Postal purposes; 4. General administrative purposes; 5. Local government purposes.

The secondary distinction in each of these primary divisions is the separation into "operation and maintenance expenses," contrasted with "construction and improvement outlays." These are the titles of the first two columns in the following detailed exhibit, while the third column represents the totals of the first two columns. These columns set forth important information which has not been available heretofore in government estimates or publications. This separation is fundamentally necessary if comparisons with previous or subsequent years are to be made, or correct ideas obtained concerning extravagance or economy in the expenditure of public money.

The National Budget

Expenditures for the Fiscal Year 1914-15

"Estimates" of Appropriations. Classified by Purposes or Functions.

FOR WAR PURPOSES. ARMY, NAVY, WAR PENSIONS, WAR DEBTS (SCHEDULE III):	Operation and Maintenance Expenses.	Construction and Improvement Outlays.	Total Estimated Expenditures.	FOR POSTAL SERVICE.	Operation and Maintenance Expenses.	Construction and Improvement Outlays.	Total Estimated Expenditures.
CURRENT CHARGES. ANNUAL APPROPRIATIONS. (g)				Postal service, payable from postal revenues..			
Defense by land (Military)	\$100,249,712	\$14,379,198	\$114,628,910	Administration of Postmaster-General's Dept. Operation and maintenance of post offices, etc. (a)	306,953,117		306,953,117
Defense by sea (Naval)	98,311,306	42,499,734	140,802,040	TOTALS FOR POSTAL SERVICE (a)	1,850,000		1,850,000
Administration: Secretary of War	148,040		148,040				
Adjutant-General's Office	736,576		736,576	FOR GENERAL ADMINISTRATIVE PURPOSES. LEGISLATIVE, EXECUTIVE, JUDICIAL, ETC. (SCHEDULE V):			
Quartermaster Corps	378,670		378,670	Covering requirements both for war and for civil purposes.			
Engineers and Insular Affairs	208,581		208,581	CURRENT CHARGES. ANNUAL APPROPRIATIONS (g)			
Other offices, War Dept.	456,598		456,598	LEGISLATIVE:			
Administration: Secretary of the Navy	76,460		76,460	The United States Senate	1,849,287	8,500	1,857,787
Bureaus: Navigation, Intelligence, Records	108,790		108,790	The House of Representatives	4,956,985		4,956,985
Bureaus: Engineering, Repairs, Yards and Docks	106,430		106,430	JUDICIAL:			
Bureaus: Supplies, Accounts and other offices	304,660		304,660	The Supreme Court and other courts	6,299,110		6,299,110
Operation and maintenance (2/3) of the State, War and Navy Building (a)	188,013	2,000	190,013	EXECUTIVE:			
War pensions, retirements, veterans' homes, etc.	186,674,527	23,424	186,697,951	The President, Vice President and the executive offices	210,440		210,440
	387,942,357	56,895,356	444,837,713	Civil Service Commission	450,165	5,000	455,165
FIXED CHARGES. PERMANENT APPROPRIATIONS. (g)				Collection of the revenues, etc.—Treasury	17,247,650	125,000	17,372,650
Interest on war debts	13,000,000		13,000,000	General accounting and auditing—Treasury	1,752,080		1,752,080
Sinking fund provisions for war debts (d)	37,000,000		37,000,000	Operation and maintenance of public buildings and grounds (a)	8,098,412		8,098,412
Trust funds, established by war requirements	2,770,000		2,770,000	Public printing, all departments	5,892,408	6,302,584	6,302,584
Special funds and accounts, for war purposes	5,574,477		5,574,477	General Supply Committee (b)	65,640	130,000	65,640
TOTAL FOR WAR PURPOSES	446,286,834	56,895,356	503,182,190	Reference and library purposes	465,585	127,000	592,585
				Distribution of documents	318,275		318,275
FOR CIVIL PURPOSES. STATE, INTERIOR, AGRICULTURE, COMMERCE, LABOR, ETC. (SCHEDULE IV):				Administration of Treasury Dept.	1,890,770		1,890,770
CURRENT CHARGES. ANNUAL APPROPRIATIONS. (g)				Administration of Dept. of Justice	777,711		777,711
COMMERCE, BANKING, ETC.				Detection of crimes, legal advice, etc. (Justice)	2,694,620		2,694,620
Promotion and regulation of commerce	3,578,305		3,578,305	FIXED CHARGES. PERMANENT APPROPRIATIONS (g)			
Promotion of transportation: (e)		38,286,080	41,483,895	Revenue refunds, drawbacks, &c.	52,969,138	6,698,084	59,667,222
Improvements of rivers and harbors	3,197,815		3,197,815	Retired judges, Hawaiian judges, etc.	175,500		175,500
Lighthouses, life saving, roads, surveys, engineering, etc.	12,484,004	2,679,700	15,163,704	Revenue collection, night services	225,000		225,000
Panama Canal	1,546,395	22,228,760	23,775,155	TOTALS FOR GENERAL ADMINISTRATION PURPOSES	61,839,638	6,698,084	68,537,722
Regulation of currency, coinage, etc.	5,862,452		5,862,452				
Regulation of banking	194,240		194,240	FOR LOCAL GOVERNMENT PURPOSES (SCHEDULE VI):			
NATIONAL RESOURCES, AGRICULTURE, ETC.				Territorial Governments	304,638		304,638
Promotion of agriculture (e)	8,951,617	47,500	8,999,117	Philippine customs and internal revenue	321,000		321,000
Promotion of forestry	5,390,741	477,590	5,868,331	District of Columbia	10,911,094	3,580,521	14,491,615
Care and utilization of public lands	3,184,920	10,000	3,194,920	Militia, industrial schools, etc.	10,400		10,400
Promotion and regulation of mining, water power, etc.	2,284,520		2,284,520	TOTALS FOR LOCAL GOVERNMENT PURPOSES	11,547,132	3,580,521	15,127,653
Meteorological research, Weather Bureau, etc.	1,667,270	3,000	1,670,270				
Promotion of fisheries	1,155,730	255,000	1,411,630	GRAND TOTALS, ALL PURPOSES	\$962,268,372	\$146,413,405	\$1,108,681,777
WELFARE, LABOR, ETC.							
Promotion of the welfare of the laboring classes and regulation of labor (f)	4,068,250	812,200	4,880,450				
Promotion of public health (e)	4,087,062	104,700	4,191,762				
Promotion of education and recreation (e)	1,349,376	1,271,014	2,620,390				
Provision for Indians and wards of the Nation (e)	9,295,715	1,635,400	10,931,115				
Provision for defectives, dependents, etc.	1,565,349	455,000	2,020,349				
PATENTS, STANDARDS, STATISTICS, ETC.							
Patents and copyrights	1,626,300		1,626,300				
Statistical research, census, etc.	1,709,720		1,709,720				
Standards of measurements, etc.	837,175	395,000	1,232,175				
FOREIGN AFFAIRS, AND DEPARTMENT ADMINISTRATION							
Foreign affairs and relations (e)	3,920,970	477,000	4,397,970				
Administration: Department of State	354,060		354,060				
" " " Interior	634,040		634,040				
" " " Agriculture	765,988		765,988				
" " " Commerce	252,160		252,160				
" " " Labor	183,040		183,040				
Operation and maintenance, (1/3) State, War and Navy Building (a)	94,007	1,000	95,007				
	80,241,221	69,139,844	149,381,065				
FIXED CHARGES. PERMANENT APPROPRIATIONS. (g)							
Interest on bonds other than for war purposes	9,900,000		9,900,000				
Sinking fund provisions for other than war purposes (d)	23,717,000		23,717,000				
Trust funds provisions for other than war purposes	7,772,730		7,772,730				
	41,389,730		41,389,730				
Special funds and accounts other than war purposes:—Viz:							
Promotion of transportation facilities:							
Operating canals	2,000,000		2,000,000				
Protection of navigable streams	2,000,000		2,000,000				
River and harbor improvements		679,600	679,600				
Roads and trails		420,000	420,000				
Promotion of Agriculture:							
Reclamation fund		9,000,000	9,000,000				
Colleges of agriculture and mechanic arts	2,500,000		2,500,000				
Experiment stations, etc.	48,200		48,200				

2. CLASSIFICATION BY ORGANIZATION UNITS

Such a classification should exhibit a summary of the insider's viewpoint. The details of this viewpoint fill eight hundred and seventy quarto pages in the "Book of Estimates, 1915" and will fill nearly as many more in the "Digest of Appropriations, 1915."

This summary should be arranged in columnar form, each column exhibiting the title of an Appropriation Act by Congress. The primary divisions of the government, "Legislative," "Executive," and "Judicial," as well as the subdivisions, departments, establishments, etc., should be set

forth in the title column at the left. Items pertaining to each unit of organization should be distributed to the proper column representing an appropriation act. By this classification the wide distribution of such items would be clearly exhibited and the advantage of some better method of grouping appropriations would become evident.

3. CLASSIFICATION OF THE REVENUES

For comparison with the two methods of expenditure estimates, a classification of revenues is exhibited (Schedules I and II), which is self explanatory. The primary division consists of

Special revenues and General revenues. The first is applicable only to special purposes under requirements of law, or to revenues which arise on account of various classes of expenditure. The second consists of revenues which are unrestricted either by requirements of law or of accounting and which are available for the general expenditures of the government under current appropriation acts.

The exhibit herein sets forth the actual revenues for the last completed fiscal year (1913) as an illustration of a classification of the revenues by estimates for the new fiscal year 1915, or for some subsequent year.

(a) Operation and maintenance expenses of office building, rents, etc., are mainly included in an item in "General Administrative Purposes," because these expenses can not be separated, under present methods of bookkeeping.

(b) This amount should be distributed in detail to the various departments and divisions.

(c) Approximately one-half of this is offset by District of Columbia revenues.

(d) Sinking fund provisions are negligible; merely bookkeeping items having no actual existence. There are no securities and no cash in the so-called "sinking fund."

(e) See also additional estimates under "permanent appropriations."

(f) Including Bureau of Naturalization, \$250,000.

(g) These terms "annual" and "permanent" might be better stated "current" and "recurrent," as all appropriations are enacted annually by Congress, even though the amount is not fixed, (indefinite) or the time is not fixed (indeterminate).

The National Budget

Revenues (Actual) for the Fiscal Year, 1912-1913

As a Basis for Estimates of Revenue for 1914-15

(Excluding postal revenue, and receipts on public debt accounts)

SPECIAL REVENUES (SCHEDULE I):

Viz: (a) Revenue reserved by law for special purposes, and also (b) revenues arising on account of special classes of expenditure although not specifically reserved for such purposes by law.

A Revenue of trust funds	\$12,085,561
District of Columbia revenues	8,070,369
Reclamation fund (sales, fees, etc.) ..	3,585,271
Contributed moneys (rivers, harbors, etc.)	1,039,308
Navy fines, forfeitures, small stores, etc.	985,824
National forest fund	749,996
Philippine fund	308,986
Sales public lands, 2, 3, and 5% funds (States)	238,890
Night service—customs	229,971
Alaska fund	205,907
Sales of ordnance material	202,432
National Forest and Hot Springs Reservation	95,250
Sales of timber, sites, products, etc.	16,788
Forest Service Co-operative Fund	6,748
TOTAL "A"	\$27,821,301
Increments to appropriations:	
Panama Canal	\$2,377,029
Panama Canal	1,693,148
TOTAL	4,070,177
Gain on exchange (Navy)	18,766
Interest on daily balances (Navy)	6,290

TOTAL "A"

(*) In addition to this sum there are other receipts into the Reclamation Fund for repayments of water-rights charges, and other sources, amounting to \$2,383,126.

B Immigration fund (head tax) ..	4,735,062
Patent fees	2,077,102
Consular and consular court fees ..	1,798,408
Forest service	1,716,931
Customs fees, fines, penalties, etc.	1,590,355
Judicial fees, fines, penalties, etc.	1,123,950
Fees, etc., Land Offices	547,000
Reimbursed advances to Indian funds ..	531,916
Reimbursement for expenses National Bank Redemption Agency	505,735
Recoveries of bullion and expenses on coinage	440,810
Naturalization fees	390,425
District of Columbia, fees, rents, etc.	290,031
Navigation fees, fines, penalties, etc.	191,695
Earnings on telegraph and telephone lines	186,749
Sale of seal and fox skins, Pribilof Islands	151,146
Recoveries, river and harbor frauds ..	127,973
Copyright fees	117,100
Depredation on the public lands	103,600
Reimbursement for work and costs, various departments	84,968
Immigration fines, fees, and penalties ..	72,905
Purchase of discharges, Navy and Marine Corps	66,304
Net profit on ship's stores	40,294
Passport fees	28,384
Copying fees—General Land Office ..	21,162
Maintenance charges, etc., Irrigation systems	14,394
Testing fees, Bureau of Standards ..	14,251
Earnings on transports	9,755
Forfeitures by contracts	8,050
Miscellaneous fees	6,368
Miscellaneous refunds and rebates ..	6,254
Game licenses—Alaska	4,845
Chinese exclusion, fines, fees, etc.	2,654
Testing fees—Bureau of Mines	2,005
Revenue Crater Lake, and Mesa Verde Parks	1,399
Revenue National Training School for Boys	813
Internal revenue, fines, fees, etc.	200
TOTAL "B"	\$17,010,993

TOTAL SPECIAL REVENUES, "A" AND "B"

GENERAL REVENUES (SCHEDULE II):

Viz: Revenues available for any purposes of the Government. These revenues arise from sources not specialized either by law or by corresponding expenditures.

Customs	\$318,891,396
Less, duties on imports from Philippines (Special)	1,184
TOTAL	\$318,890,212
Internal revenue:	
Ordinary	309,410,666
Less, Philippine revenue (Sp'l)	307,802
TOTAL	309,102,864
Corporation tax	35,006,300
Public lands receipts	2,910,205
Less pledged to special purposes—Viz: Reclamation fund, \$2,492,607 2, 3, and 5% funds	238,890
TOTAL	2,731,497
TOTAL	178,708
Seigniorage, silver and minor coinage ..	\$5,104,338
Tax on circulation of National Banks ..	3,730,059
Sales of Government property	1,325,167
Compromise and repurchase of forfeited lands ..	648,583
Chinese indemnity	644,500
Rental of public property	268,301
Unclaimed moneys (Treasury)	47,490
Interest on public deposits	34,610
Recoveries of damaged and lost property ..	16,987
Interest from Pacific railways	9,493
Conscience fund, etc.	3,136
Gain on exchange (State Dept. and Treasury) ..	1,206
Assessments on owners for deaths on shipboard ..	1,040
Interest on debts due U. S. (various debts) ..	945
Recovery, principal and interest Louisiana bonds ..	326
Miscellaneous	1,056
TOTAL	\$675,015,322

SUMMARY.

Special Revenues "a" (By law)	\$31,916,534
Special Revenues "b" (By expenditure) ..	17,010,993
TOTAL	\$48,927,527
General Revenues	675,015,322
GRAND TOTAL	\$723,942,849

RECONCILIATION.

Grand total as above	\$723,942,849
Add: Receipts of 1913 not covered into Treasury by warrants in 1912-13	505,971
TOTAL	724,448,820
Deduct: Receipts of previous years covered into Treasury by warrants in 1912-13	337,590
TOTAL	\$724,111,230
Net grand total revenues. This total agrees with the Annual Report of the Secretary of the Treasury for 1913, and excludes "postal revenues," ..	\$266,619,526

4. SUMMARY OF ESTIMATES OF REVENUE AND OF EXPENDITURE

This classification exhibits the form in which the President of the United States might present to the Congress, at the opening of a session in December, a financial plan for the ensuing fiscal year.

SUMMARY OF THE NATIONAL BUDGET

SOURCES OF REVENUE:

Total estimated Revenues, (other than postal revenues)	\$728,000,000
Deduct: Revenues for special purposes, (Schedule I)	50,000,000

Remainder, Revenues available for general purposes (Schedule II)

PURPOSES OF EXPENDITURE.

FIXED CHARGES:	Estimates for 1915.
Viz: For interest on public debts (a)	\$22,900,000
For sinking fund (b)	60,717,000
For trust funds (c)	10,542,730
For special funds (d)	27,453,277
For refunds, retirements, etc. (e) ..	9,252,000

TOTALS

ELIMINATE sinking-funds (b)

Remainder of fixed charges

REDUCT portion to be provided from special revenues

REMAINDER, required from general revenues

SUMMARY: General revenues, as above

Remainder of fixed charges, as above

Revenue available for current appropriations

(a) Interest on war debts, about \$13,000,000; on other debts about \$9,900,000.

(b) \$60,717,000. This provision is based on requirements of law that one per cent of the public debt shall be laid aside each year as a "sinking fund" to retire the debt. Therefore, duly each year sixty millions or more in figures are entered in the big account-book of the nation, as an increase of the "sinking fund," but at the same time a corresponding entry is made on the other side of the ledger exactly equalizing it. No money, or securities, or assets of any tangible nature are ever set aside in a true "fund." In other words the entry is solely a "book-keeping" one, without corresponding value in fact. The amount really has no place in these estimates, if we wish to know what the actual expenditures of the Government are likely to be.

(c) Trust funds for war requirements \$2,770,000; for other requirements \$7,772,730.

(d) Special funds for war purposes \$5,574,477; for other purposes \$21,878,800.

(e) Refunds of customs and internal revenue, estimated, \$8,470,000. Night service, \$225,000. Retired judges, etc., \$175,000.

ESTIMATES OF CURRENT APPROPRIATIONS.

WAR PURPOSES (SCHEDULE III):

A OPERATION AND MAINTENANCE:

Viz: Defense by land (Military) ..	\$100,249,712
Defense by sea (Naval)	98,311,306
Administration: Secretary of War ..	148,040
Other offices, War Department	1,774,419
Administration: Secretary of the Navy	76,460
Bureaus and other offices, Navy ..	519,880
Operation and maintenance (2/3) ..	188,013
State, War and Navy Building ..	\$201,267,830

War pensions, retirements, veterans' homes, etc.

TOTAL

B CONSTRUCTION AND IMPROVEMENT:

Viz: Fortifications, etc (Military) ..

Battleships, etc (Naval)

Veterans' Homes, etc.

Total War, except fixed charges

CIVIL PURPOSES (SCHEDULE IV):

A OPERATION AND MAINTENANCE:

Viz: Commerce, Banking, etc.	\$26,863,211
National Resources, Agriculture, etc.	22,634,798
Welfare, Labor, etc.	20,305,752
Standards, Statistics, etc.	2,546,895
Patents and Copyrights	1,626,300
Foreign Affairs	3,920,970

GENERAL ADMINISTRATION:

Department of State	354,060
" " Interior	634,040
" " Agriculture	765,988
" " Commerce	252,160
" " Labor	183,040
Operation and maintenance of public buildings and offices (f) ..	94,007
TOTAL	\$80,241,221

B CONSTRUCTION AND IMPROVEMENT:

Improvement of rivers and harbors ..	38,286,080
Panama Canal	22,228,760
Lighthouses, etc.	2,679,700
Other (see detailed schedule)	5,945,304

Total Civil, except fixed charges

POSTAL PURPOSES (g):

Postmaster General's Department ..

GENERAL ADMINISTRATIVE PURPOSES (SCHEDULE V):

A OPERATION AND MAINTENANCE:

Viz: Legislative	6,806,272
Executive (except above in Civil) ..	39,863,756
Judicial	6,299,110
TOTAL	\$52,969,138

B CONSTRUCTION AND IMPROVEMENT:

Public buildings and grounds	6,302,584
Other	395,500

Total general administrative, except fixed charges

LOCAL GOVERNMENT PURPOSES (h):

(SCHEDULE VI):

A OPERATION AND MAINTENANCE:

District of Columbia	\$10,921,494
Territorial governments, customs, etc.	625,638
TOTAL	11,547,132

B CONSTRUCTION AND IMPROVEMENT:

District of Columbia	3,580,521
----------------------------	-----------

Total local government purposes

GRAND TOTAL ALL PURPOSES

(Excluding fixed charges, postal service, and sinking fund)

CONCLUSION 1915.

Revenue available for current appropriations	\$657,851,993
Estimates of current appropriations	670,863,653
Deficit of estimated revenue (1915) ..	13,011,666
Panama Canal estimates, if bonds are issued, may be deducted from total current appropriations	23,775,155
Surplus of estimated revenue (1915) if bonds are issued to provide for Panama Canal	\$ 10,763,489

(f) Under present methods of governmental bookkeeping these expenditures cannot be separately stated, they are lumped, therefore, under "general administrative purposes."

(g) Postal estimates, payable from postal revenues, \$306,953,117 are not included in this schedule, though shown in the detailed schedule of expenditures.

(h) Offset by D. C. revenue, about one-half, which is included in "special revenues," above.

Congressional Appropriations from 1875 to 1913.

The following official compilation of Federal appropriations from 1875 to 1913 is presented.

TOTAL APPROPRIATIONS BY YEARS.

1875	\$325,666,791.89
1876	328,128,199.32
1877	299,591,138.07
1878	290,006,694.21
1879	332,407,776.68
1880	372,119,629.30
1881	361,572,204.39
1882	365,965,479.83
1883	422,138,073.31
1884	355,207,875.23
1885	318,820,489.13
1886	336,439,913.20
1887	387,330,971.99
1888	350,011,523.52
1889	408,624,057.37
1890	385,522,367.61
1891	509,368,345.86
1892	514,424,019.49
1893	463,684,385.20
1894	479,932,667.08
1895	459,925,178.62
1896	457,088,344.72
1897	469,494,010.41
1898	485,002,044.72
1899	862,682,487.06
1900	690,667,188.54
1901	719,278,826.80
1902	757,607,464.72
1903	706,633,864.79
1904	736,578,402.76
1905	732,197,885.84
1906	705,553,620.06
1907	871,041,847.40
1908	918,362,329.07
1909	986,251,657.60
1910	1,028,506,570.94
1911	1,027,001,629.18
1912	1,026,682,881.72
1913	1,019,636,143.66

Various Matters of Interest to the Membership

Antitrust Committee

The Special Committee on Antitrust Legislation met in New York May 12 and 13. Owing to illness in the family of R. G. Rhett, who was compelled to be absent, President Fahey presided during the sessions of the Committee. The Committee as a whole is united in the report which it will make to the Board of Directors on May 19 relative to the subjects pertaining to antitrust legislation which should be submitted to an additional Referendum. There are some features of the present omnibus bills in connection with which the Committee will make no report as it regards some of the subjects included in the omnibus bills as plainly outside the scope of antitrust legislation.

The members of the Committee present at the New York meeting were: Mr. Guy E. Tripp, Chairman of the Board of Directors of the Westinghouse Electric and Manufacturing Company of New York; Mr. Charles F. Mathewson of the firm of Krauthoff, Harmon and Mathewson of New York City; Wm. L. Saunders, President of the Ingersoll-Rand Company of New York City; Prof. Henry R. Seager of Columbia University and former President of the American Association for Labor Legislation; and George Rublee of Washington, former member of the law firm of Spooner and Cotton of New York City.

New Organization Members

The following organizations have been elected since the last issue of THE NATION'S BUSINESS. An additional list of organization members is at present being voted on by the Directors through the mails. The organization membership of the Chamber of Commerce of the United States is now 555.

AMERICAN FACE BRICK ASSOCIATION of Pittsburgh, Pa., which includes in its membership a large proportion of the face brick manufacturers of the United States.

THE ILLINOIS ICE DEALERS ASSOCIATION of Monmouth, Ill., whose membership is made up of the ice distributors of the State.

WESTERN PAPER BOX MANUFACTURERS' ASSOCIATION of Chicago. The object of this association which has a membership of 136 manufacturers, is to promote a better feeling among members and to discuss matters of interest.

AMERICAN ASSOCIATION OF WOOLEN AND WORSTED MANUFACTURERS of New York. This Association has a membership of 148, and promotes the interests of those engaged in the lines of manufacturing indicated.

PRINTING PRESS MANUFACTURERS' ASSOCIATION of New York. This Association has a membership of only 10, but its influence is out of all proportion to its membership.

RUBBER CLUB OF AMERICA, New York. This Club gives attention to the furtherance of educational and scientific research in India rubber production and manufacture. Its membership is 324.

THE AMERICAN ASSOCIATION OF COMMERCE AND TRADE in Berlin. This Association examines questions concerning the commercial and industrial relations between the United States and Germany and endeavors to protect the transactions of business between individuals and firms in the two countries. Its membership is 270.

THE CHAMBER OF COMMERCE, La Porte, Indiana; and THE CHAMBER OF COMMERCE, Gadsden, Alabama.

Allotment of Individual Memberships

AS announced in the last issue of THE NATION'S BUSINESS, the question of allotting individual memberships was discussed by the Directors at the April meeting, and since that time has received further consideration by the Executive Committee. The allotment will now be made known by correspondence with organizations. Their decisions relative to taking up their quota should be reached by July 1.

As stated in correspondence from this office, individual memberships in the National Chamber will serve to strengthen organization members; first, because it is obligatory that an individual member shall be in good standing with the affiliated organization and therefore, in proportion as he values individual membership, he will place more value on his local membership; second, the contact of the individual member with national questions through the National Chamber will greatly increase the value of that individual member to his own local organization. In addition, the fees of individual members become an important financial foundation for the Chamber of Commerce of the United States, thus enabling it to serve successfully both organizations and individuals in all the broad plans for which the National Chamber stands.

In this connection it should be noted that individual membership on the part of each individual, firm or corporation elected, renders available in the office of the individual member all the valuable services rendered by the Chamber as follows:—

THE NATION'S BUSINESS, issued monthly, is the official publication of the Chamber. Through it members are furnished with authoritative information regarding questions of national character affecting commerce. The Legislative and the General Bulletins, each, are sent weekly to members. The General Bulletin keeps the members advised concerning the activities of the different Federal Bureaus and Departments in matters affecting business. The Legislative Bulletin keeps members advised regarding the status of all legislation in Congress that affects the commercial and industrial interests of the nation. It also is of great value to individual members, that the general offices at Washington maintain a service by which information is sent upon request on any subject relating to business, domestic or foreign, that may be obtained through any channel of our national government. This has been a saving in time and trouble to many of the members, and has proved of great value.

As only five thousand individual members can be elected, business leaders should get in touch with their organizations relative to selection for this more intimate association with the work being done by the Chamber in Washington.

THE DIFFICULTIES ENCOUNTERED

Now that the allotment is decided upon, it is permissible to refer to the extreme difficulty which was encountered in making a just and equitable allotment. This caused delay. The 5,000 individual memberships had to be apportioned in such a way as to give every portion of the country its due share.

The first step in apportionment was to assign to each organization one

individual membership for each ten dollars of dues paid to the National Chamber; but it was recognized that dues would not afford a practical basis for equitable distribution throughout. The balance of the five thousand, therefore, amounting to about one thousand in number, were distributed after very careful discussion as to the comparative importance of the cities and trades represented by organization members. This was done with a view to making the most effective distribution of the limited number of members allowed.

LEADERS IN ORGANIZATIONS

President Fahey in a letter to the President of one of our organizations, said:—

"In undertaking the work of the coming year, the officers and members of the Board would have me bring to your attention the fact that they are the servants of every organization and individual included in the membership. It is our desire during the next twelve months that the Chamber shall, to the limit of its power and resources, promote the business progress of the country and continue to be of real service to its members. Without the co-operation of men like yourself, who represent in their associations and communities leadership and constructive ideas, the Directors can accomplish little.

So we are asking, not merely for your passive support of the ideals of the Chamber, but for your active co-operation in the advancement of its affairs. We hope, wherever an opportunity is presented, that you will explain to the business men with whom you come in contact the work of the Chamber, emphasizing its importance to the business interests of the country. We also hope that you will give your effort and influence toward bringing into the membership those organizations in your locality which have not yet affiliated with the Chamber.

We also know that you appreciate the financial resources necessary to undertake the many projects which we must handle, and that the interest and co-operation of thousands of other men like yourself are necessary to the life of the Chamber.

You will remember that the Annual Meeting set a definite limitation on the individual membership. This individual membership roll should be completed as soon as possible. Will you assist in this very important work by helping us to secure the number of members in your association who should be affiliated with the Chamber?

Through the regular field work, as well as through voluntary affiliation, this list is rapidly being increased. If each President will co-operate and do his share, there will be a great saving in our work. We will also be enabled to do more in developing the service than could otherwise be accomplished, because of the increased funds at our command."

The Chamber of Commerce of the United States has already become the greatest commercial force in the country. Called into existence two years ago in a conference of representatives from more than 600 commercial organizations and national trades associations, who assembled upon invitation of the President of the United States, the need and the expediency of the movement is answered by the fact that in this short time it has become, numerically, the strongest commercial federation in the world.

NEW INDIVIDUAL MEMBERS

Since the last report in THE NATION'S BUSINESS, the number of Individual Members has been increased by 135. The individual membership is now 2,069. The individual members elected during the month are in the following states: Massachusetts, Missouri, Illinois, New York, Pennsylvania, New Jersey, North Carolina, Ohio, Connecticut, Maryland, the District of Columbia, and Germany.

It is expected that in next month's announcement a much larger list of distribution by states will be made.

Directors Meeting

The Directors will meet in Washington May 19 and 20, to attend to the business of the organization and to deal with all matters that should receive attention during the summer. Shortly after the meeting, President Fahey will leave for Paris to attend the Sixth International Congress of Chambers of Commerce and Commercial and Industrial Associations.

The Paris Congress

PRESIDENT Fahey has appointed ten delegates to represent the Chamber at the Sixth International Congress of Chambers of Commerce and Commercial and Industrial Associations to be held in Paris, France, beginning June 8, as follows: W. W. Kincaid, of the Spirella Company, Meadville Pa.; L. Wessels, Jr.; Edward A. Filene, of Filene Sons & Company, Boston; John H. Fahey, President of the Chamber of Commerce of the United States of America, Boston; Charles H. Sherrill, author and lawyer, New York City; Edward G. Miner, of the Pfaunder Company, Rochester, N. Y.; William D. Wheelwright, wholesale lumber dealer of Portland, Oregon; Bernard J. Shoninger, Paris, France; Philip B. Fouke, Funsten Brothers, St. Louis, and Frederick Bode, manufacturer and wholesale dealer in hats and millinery in Chicago, Ill.

The Boston Chamber of Commerce has brought together a large group of people from various parts of the country, who will sail on the Laconia from Boston on May 26th. Sixty of the delegates will be from various states outside Massachusetts. The Boston delegation will have a membership of sixteen.

The American delegates on the Permanent Committee of the International Congresses which met in Brussels, March 23 and 24 of this year, are: Edward A. Filene of Boston and Bernard J. Shoninger of Paris. Two important subjects were taken up at the Brussels meeting; one dealt with the form of the organization of the Congresses and of the permanent or executive committee in connection with which further decision will be reached on the afternoon of June 7, in Paris, immediately preceding the sitting of the Congress. The other feature related to the introduction of the referendum principle, the American delegates favoring a method almost precisely like that now in operation by the Chamber of Commerce of the United States of America. The subject was not received with enthusiasm by the foreign delegates. The question will come up again at the Paris Congress.

In the March issue of THE NATION'S BUSINESS appeared on page 11 a summary of the Paris program. A change of order has taken place in the subjects and some additions have been made. The following additional subjects will be taken up: (1) Gold reserves as a means of avoiding financial panics; (2) Beginning and closing working day an hour earlier during the summer; (3) Designating time on the 24 instead of the 12 hour basis; (4) Creation of a customs stamp to be used on postal packages. Practically all of the delegates who go in the Boston party intend to take the trip into Southern France and into Switzerland that was fully detailed in the March issue of THE NATION'S BUSINESS.

Cape Cod Canal Cut Through

ON April 21 Cape Cod became, in fact, an island. The waters of Massachusetts and Buzzard's Bays met for the first time on that date, when the last dike in the Cape Cod Canal was removed. By July of this year the Canal will be navigable for vessels drawing not over 12 feet. The officials announce that they expect to have 15 feet through the canal long before August 24. The canal has no locks. The length from the shore of Massachusetts Bay to the shore of Buzzard's Bay is eight miles; the length from a thirty foot line in either bay is thirteen miles; the minimum width of the bottom will be one hundred feet, except at passing places where it will be two hundred feet.

This cut of eight miles will reduce the length of the water journey from New York to Boston from 326 miles via Pollock Rip to 260 miles via the Canal through Long Island Sound. The distance from New York to Boston via Nantucket Light is 402 miles. It will thus be seen that the economy in distance is very marked. Not only will the canal affect a large proportion of all Atlantic Coast shipping, but it will also affect shipping from New York to Boston.

The factor of safety in addition to shortened passage must also be taken into consideration. It is estimated that 25,000 craft round Cape Cod every year, exposed to the risks of the outside passage. The canal is to have continuous illumination on the street lighting plan.

The economies of the canal are expected to be very marked. The average delay each round trip for barges and schooners taking the outside route is nearly four days. This means a loss in money of 10 cents per

ton on the seven million tons of coal and lumber carried by tows and sailing craft. The total amount of coal and lumber carried by steamers is 4,500,000 tons on which nearly the same amount per ton would be saved.

The canal from both ends can be approached without any influence of current and will enable barges and tows to more nearly approximate schedule time than has ever been possible hitherto.

The Cape Cod Canal is a private enterprise, executed by the Cape Cod Construction Company of which August Belmont is President and William Barclay Parsons the Chief Engineer. About \$12,000,000 has been expended on this enterprise.

Relative to the strategic importance of the Canal, Rear Admiral Colby M. Chester says:—

"Massachusetts Bay is a weak point in the defensive system of the United States. It is separated from the long stretch of coast of the Middle and South Atlantic States by a series of shoals and islands, extending for a considerable distance into the ocean, dangerous of approach at all times and particularly so during storms and fogs. * * *

No Commander-in-Chief of the fleet would ever attempt to pass through the tortuous and ever shifting channels in Vineyard Sound even if there was water enough to float his ships, for it is likely that he would be delayed by fog, bad weather and other causes in using this passage to such extent as might mean the difference between victory and defeat for the force he commanded. The only course left him, therefore, to pursue at present, is to proceed around Nantucket South Shoal and in taking this route, should the enemy precede him into Massachusetts Bay, he would be cut off from making a junction with Boston Harbor and its fortifications, and leave his small vessels with no port to fall back upon, in case they should be disabled. * * *

The deepening of the Cape Cod Canal sufficiently to permit the passage of battleships would obviate these objections."

The general map printed below shows clearly the peculiar opportunity for shortening coast travel which is to be afforded by the Canal when completed, but only a mariner's chart would give a full understanding of the importance of this short canal. Navigation via Wood's Hole and between that point and Martha's Vineyard together with navigation across Nantucket Sound and so on through Pollock Rip, is exceedingly tortuous, difficult and dangerous. Within a few miles are five light ships, essential to guiding navigation through the narrow ship channels of this great shoal area.

As pointed out by Rear Admiral Colby, the dangers of the coast to vessels of large draft are so great that the detour south of Nantucket light is the only thoroughly safe route. On the other hand, navigation in Cape Cod Bay to the north entrance of the Canal and navigation from the south entrance of the Canal, out around Point Judith and so westward, is much safer. The effect, therefore, of the canal as soon as it is open to traffic will be momentous on the vast tonnage, irrespective of the shipping of New York and Boston, which is moving up and down the coast and which, as stated earlier, involves 25,000 craft each year.

It is an historic fact that the difficulties with shoal waters south of Cape Cod affected the destination of the Pilgrim Fathers. Their purpose was to reach New York. Running southward along the shore of Cape Cod the Mayflower ran into breakers; discouraged, her navigators turned back around Cape Cod to the northward and thus came at last to Plymouth.

Commercial Attaches

Approved by the Senate

JUST as this issue of THE NATION'S BUSINESS was on press, the Senate Committee on Appropriations reported to the Senate various amendments to the Legislative, Executive and Judicial Appropriations Bill, among them one restoring the item of \$100,000 for Commercial Attaches, which had been ruled out on a point of order in the Committee of the Whole of the House. The ruling in the House was not sinister in its significance, but technical as to this being new legislation; for it is believed that the majority of the members of the House favor this reasonable addition to the machinery for commercial promotion in the Department of Commerce. It is therefore probable that the item will stand in conference between House and Senate; particularly if the desires of commercial organizations should be made known to various Representatives.

The restoration of the item is a triumph for the Referendum principle adopted by the National Chamber; and also for the services the National Chamber can render to the departments of the Government. Secretary Redfield and a Committee of this Chamber worked in close harmony to broaden the scope and influence of the Bureau of Foreign and Domestic Commerce. This was fully explained in the last issue of THE NATION'S BUSINESS. The vote of 624 to 3, which expressed the convictions of organization members of the Chamber on these plans, has had influence in both Houses of Congress; for it was recognized that such a vote coming from nearly every state in the Union was far above any selfish or local interest, and must necessarily be an expression of National business opinion.

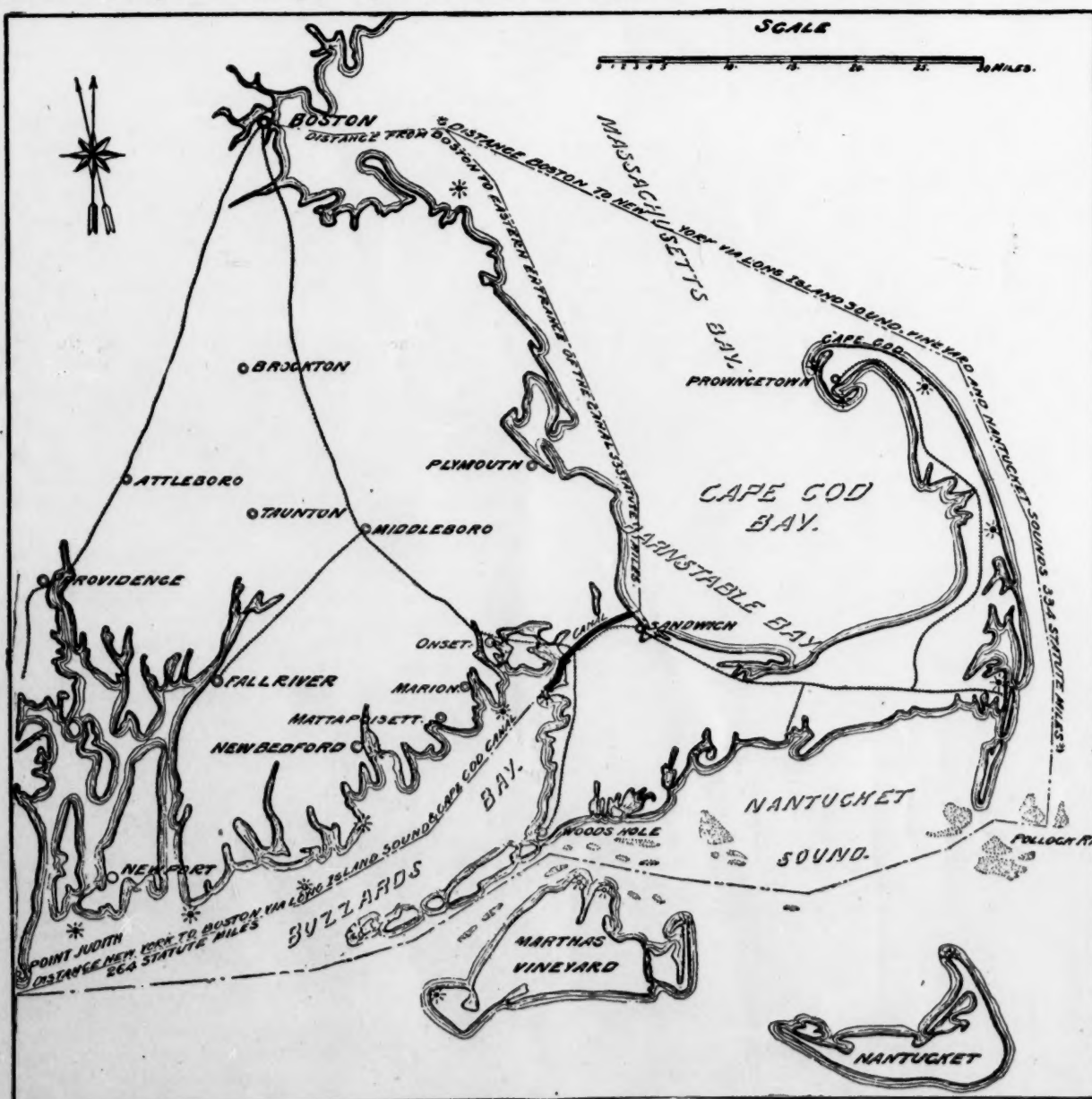
Let this experience serve to induce every organization to vote promptly and carefully on every question submitted to Referendum. Business opinion can thus make itself of constructive value to the Nation.

Public Buildings

On April 30th the Report of the Public Buildings Commission was made to the House of Representatives.

On March 4, 1913, in Section III of the Public Buildings Act, provision was made for the Public Buildings Commission "to present to Congress a connected scheme, involving annual appropriations for the construction and completion of public buildings heretofore authorized within a reasonable time." This Commission was also to form a standard or standards by which the size and cost of public buildings should as far as practicable be determined.

This report has been made public as Document 936 of the present Congress. It takes up every phase of the work involved in the construction of public buildings and makes many important recommendations that are of interest to cities seeking or granted public buildings.



A New Immigration Policy

SIDNEY L. GULICK

The interesting and suggestive idea set forth by Dr. Gulick, in relation to the vexed problem of immigration from every direction, is that we are continuously able to assimilate aliens at a rate equal to five per cent of those of any nationality already assimilated.

A NEW world situation has been created by the awakening of Asia and its acquisition of Occidental civilization. This demands of us a new attitude toward the nations of Asia. It also demands that all our legislation shall be free from invidious and humiliating race discrimination. Therefore, this must be the fundamental principle of our immigration legislation—that it apply equally to all nations and races.

The second principle is one of conservation of our democratic institutions. According to this principle we should allow only so much immigration from any country as we can assimilate. Immigration beyond our power of assimilation of course produces intolerable conditions, economic and political as well as racial.

The facts with regard to the new world situation created by the awakening of Asia and the argument based thereon have been presented in "The American-Japanese Problem" (Scribner's) and will be assumed in the present discussion.

FAULTY IMMIGRATION PROPOSALS

Two immigration proposals are now before Congress. One seeks to limit immigration by application of a literacy test; the other would limit it to an annual maximum from any land of ten per cent of those from that land already here. Both proposals, however, deal only with immigration from Europe. They do not touch our Asiatic problem. The present Chinese exclusion legislation and the Japanese "Gentlemen's Agreement" are allowed to stand. The literacy test, however, if applied to Asiatics, would allow practically unlimited influx from both China and Japan, while the ten per cent provision would admit over seven thousand annually from each of those countries.

Both proposals are accordingly faulty in principle. They regard neither the new conditions imposed upon us by the awakening of Asia nor do they take into consideration the problem of the rate of assimilation of those who are admitted. But how many from each land may we expect to assimilate? The reply which seems obvious is that, *that depends on the number already assimilated*. A million men and women from country A, who have come here in their young life, have married, have families, have learned our language, entered into business, and become citizens, can surely assimilate a vastly larger number of immigrants from their native land than can a thousand American citizens from country B assimilate new comers from their native land.

Those already assimilated furnish the most powerful means for the rapid and wholesome assimilation of new comers. For they know both languages, the ideals of both sides, and the changes which they themselves have undergone in becoming successful Americans. Their example furnishes the new comers with invaluable ideals and incentives.

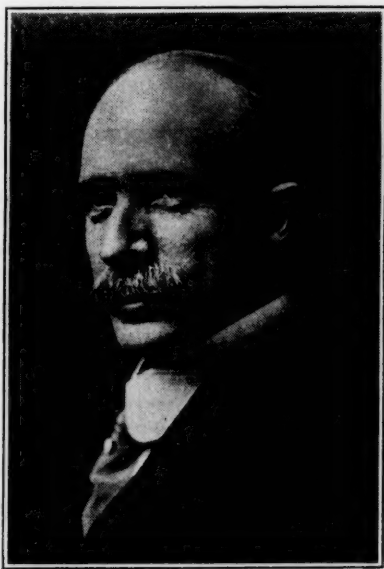
THE FIVE PER CENT PROPOSAL

My conclusion is that the annual maximum immigration from any land that we can safely allow is some pro-

portion of the number from that land already here and naturalized with their American born children of the first generation. For these children also, knowing both languages and being more completely assimilated than their parents, are powerful assimilative factors.

The percentage rate I suggest is five. I am not, however, particularly concerned with the five per cent number, but only with the principle and with its equal application to every foreign people. If upon experience the rate were found to be either too high or too low it could easily be changed.

Investigation shows that a five per cent rate would practically allow free immigration from North Europe and cut it down somewhat from South Europe, while it would allow only an infinitesimal immigration from Asia. The complete statistical statement of how this five per cent rate would work out is given in the "American-Japanese Problem." Over 400,000 immi-



DR. SIDNEY L. GULICK.

grants from Germany would be admitted annually, although in 1913 only 34,000 came; from Russia 84,000 would be admitted in place of 178,000 in 1912; while from China only 738 and from Japan only 220 could enter on the five per cent basis. New figures would of course be made out with each census.

But our immigration policy should not confine itself to the limitation of those who may come to us. It is equally important that we should provide for the rapid and wholesome assimilation of those whom we do admit.

Provision should be made for continuous supervision of all aliens residing in America. This suggests a BUREAU OF ALIEN REGISTRATION. The sense of responsibility on the part of alien residents to the government which this system would secure would of itself alone be an important safeguard. There should, I hold, be a substantial registration fee, say of \$10.00 per annum.

Provision, moreover, should be made for the systematic education of aliens in such matters as will fit them for citizenship and inspire them with enthusiastic loyalty for their new land. For this a BUREAU OF ALIEN EDUCATION is needed. This Federal Bureau should not indeed establish schools for aliens, but it should pre-

pare standard textbooks, hold examinations and grant certificates. I suggest that Young Men's Christian Associations, churches and schools be asked to provide for the actual education of aliens, perhaps receiving subsidy from the Federal Bureau granted on a basis of the number of pupils and the grade of the work accomplished. In my thought, no alien should be charged for either the education or the examination. All expenses to the alien should be met by the single registration fee.

Textbooks should be prepared or adopted by the Bureau (1) in the English language, (2) in the history of the American people, (3) in the Ideals of Democracy, and (4) in City Government. There might well be six examinations, three in English and one each in the other subjects. I suggest that with every examination passed the registration fee be reduced, say by \$1.00; or, that amount might be returned in cash to those who have successfully passed.

But even after all examinations have been passed the alien should still keep registered and should still pay his annual, though reduced, registration fee until he becomes a fully naturalized citizen.

MAKE NATURALIZATION SIGNIFICANT

The final steps in naturalization, moreover, should be such as to be impressive, dignified and patriotic. Why not have the event a great one? Let the ceremonial be held once a year, on the Fourth of July (or at least not more than twice, adding Washington's Birthday). Let there be a great patriotic service, with processions, flags, bands and banners, let there be welcoming orations and responses by representatives of the various races who now become citizens. Let the new citizens march, bearing their old national flags for the last time and then return to their homes carrying aloft the stars and stripes. Make the great birthday of the nation a great day in the birth of each new citizen into the nation.

By such methods, applied with patience and common sense, we shall secure new types of citizens from all the races on the face of the globe. The Asiatic would respond to such treatment with a loyalty to our country in nowise inferior to that of men from other lands. By admitting annually from every nation no more than five for every one hundred already naturalized or native born of the first generation, all of our most serious problems due to our relations with Asia and also to over-rapid immigration, would be solved.

WINNING THE FRIENDSHIP OF ASIA

Such a policy as this thus briefly outlined, which might possibly be combined with the literacy test if thought desirable, would satisfy Asiatics because free from invidious and humiliating differential treatment. It would not offend their natural race pride and national self-respect. It would provide for such friendly relations with the peoples of Asia as is essential not only to our welfare, but also to theirs. For in the long run, our welfare is most intimately linked up with that of Asia.

Every consideration, therefore, of justice, humanity and self-interest demands the early adoption of the general principles of the immigration policy here outlined. It conserves the interests both of Asia and America, and is in harmony with the new era of human development upon which mankind has irrevocably entered through the collapse of space and the awakening of the Orient.

National Labor Exchange

Proposals for national legislation to wipe out chaotic conditions in the labor market and thus strike a blow at the annually recurring evils of unemployment were made public recently by the United States Commission on Industrial Relations.

Frank P. Walsh, chairman of the Commission, says that the proposals are tentative and invites criticism.

The proposed legislation would establish a National Bureau of Labor Exchanges in connection with the Department of Labor, with a central office in Washington, and branch offices in other cities, and with a clearing house for each of the several districts into which the country would be divided. The Bureau would have power to establish and conduct free public employment offices.

The National Bureau would have jurisdiction over all private employment offices doing an interstate business or accepting workmen for shipment to other states. State, municipal and private employment offices would be urged to cooperate with the National Bureau and to adopt uniform methods and regulations.

The Bureau's most important service would be to gather and distribute accurate information regarding the labor market in various localities. This information would be published in the form of bulletins, to be issued at frequent intervals and to be circulated in such a way that it would be available to every person in search of work and every employer seeking workmen.

DISTRICT ADVISORY COUNCIL

One feature of the plan is the proposal for the appointment of an advisory council for the National Bureau and for each of the district clearing houses. It would be composed of an equal number of representatives of employers and of employees, and would assist the director in all matters pertaining to the management, would aid in determining policies, and would see that the Bureau was impartial in disputes between labor and capital, thus gaining for it the confidence of the whole public. The district advisory councils would be appointed by the Secretary of Labor.

The duties, powers and authority of the Bureau would be to collect and furnish information regarding employers seeking employees, and working people seeking employment; to license, supervise, regulate and inspect private employment offices operating among the states; to establish and conduct free public employment offices and also clearing houses for both public and private offices; to improve the efficiency of public employment offices, — municipal, state and federal; to make investigations of the work of local and state employment offices; and to make rules and regulations for the management of public employment offices and urge their adoption by local and state authorities.

Every employment office conducted by the Bureau would be required to send a daily report of business to the clearing house of the district in which it was situated. Every private employment agent would be required to make a weekly report to the district office. Every state and municipal employment office would be requested or induced to make daily reports. These clearing houses should be distinguished from the employment offices which the bureau would establish wherever such offices were necessary.

The State University and the State Agricultural College

by A. W. Douglas

Chairman Committee on Statistics and Standards

IT was sometime a paradox to state that an institution of learning, such as an university, was one of the most vital forces in the economic and commercial world, but now the time gives it proof in the case of the State University of the West, and the South. Nor is the reason far to seek. Agriculture is generally recognized as the basis of all of our wealth, and all our prosperity, and the State University is the one force, of all others, teaching and instilling the fundamental principles of modern, scientific agriculture. This is done through one of its departments, the Agricultural College, with ramifications that cover all the life and activities of the farm. It must be apparent that an university that from its birth depended for its existence upon the good will and legislative appropriations of the people of the state, must make some elemental appeal to them by making good in some practical way. To the excellence of its educational training was added its definite accomplishments in the field of agricultural teaching, and it is this latter that most interests us in this article.

The real problem in agriculture is not so much the increase in the productivity of the soil, but rather the general business of Farm Management, which means that life on the farm be made so pleasant and profitable that the undue drift to the already congested centers be stopped, and a proper balance, both of interest and of population, be established between city and country. The Agricultural College naturally commenced with the boys and girls of the farmers, for all the State Universities of the West are co-educational. The young people are the easiest to reach, and the easiest to teach, and they carry back to the farm, and put in actual practice, the lessons they learn at the Agricultural College. There are two courses open to agricultural students. The long course of four years, in which they receive both academic and agricultural training. They thus become efficient farmers, farm managers, teachers, and investigators. The demand for these trained men is greater than the supply. They are taught the management of a farm on the basis of a commercial organization, while on the scientific side it touches on chemistry, horticulture, biology, entomology, meteorology and several other miscellaneous pursuits as well. The short course is from seven weeks and upward at the different institutions, and the students are colloquially known as "Short Horn Aggies."

By far the greater portion go back to the farm to live, and to teach the old dogs (of farmers) some new tricks. Here is one thing they did in Missouri recently. In 1909 the average yield of corn per acre was 27 bushels, while in the same year on twenty-five farms operated by former students of the University of Missouri at Columbia, it was 42 bushels. Thus was wisdom justified of her children. Not only is every professor in each Agricultural College a practical farmer, but in connection with the university there is a demonstration and experiment farm, mostly worked by the students. For a number of years there have been continuous experiments of the rotation of crops, fertilization of

the soil, adaptability of certain plants to certain soils, while side by side in the same plot of ground are examples of the good and bad effects of different methods of cultivation. It has been demonstrated by the University of Missouri, for instance, that the constant growing of the same product, year after year in the same soil, means steady decrease in production despite fertilization and the best methods of cultivation.

The attendance at these Agricultural Colleges runs as high as 2500 students in the largest, and is steadily increasing at all of them. Every form of agricultural activity is taught by definite and specific example. There are cows for the students to milk and take care of; butter and cheese to be made; orchards to be cultivated, sprayed, and pruned; insects to be fought; laboratory experiments to be made; seed to be tested; and live stock to be raised. But teaching of students is only part of the work of the Agricultural College, for it was realized many years ago that the college must go to the farmers, since all the farmers could not possibly come to the college. This was the beginning of that University Extension work which now covers the entire western country. In each state a careful and complete chemical and physical soil analysis is being made in every county, and the results permanently mapped and charted. Thus the quality of the soil on every farm, what it has and what it has not, is becoming known, so that suitable products may be grown in each section, and the missing elements in the soil supplied. As fast as each analysis is completed, general bulletins to the farmers tell the story.

In the state of Missouri all fertilizers are inspected and analyzed by the Agricultural College, and the results published. This has put all fake and worthless fertilizers out of business. All over the South and West there are many thousand Boys' Corn Clubs, engaged in raising corn and participating in corn growing contests. The possibilities of what these boys can do is illustrated by the case of one boy in the Piedmont country of South Carolina, who on ten acres raised an average of 225 bushels of corn per acre, when the average per acre for the entire United States is only 28 bushels. Farmers are everywhere taught simple processes of seed testing that they may plant only those seed that are sure to germinate. It is estimated that the work of the Iowa State Agricultural College at Ames, Iowa, in this direction has added \$2,000,000 annually to the value of the corn crop in Iowa.

Hog cholera serum, a preventive in 85% of the cases of the dread scourge, is made in the laboratories of the different State Agricultural Colleges, and distributed at cost to the farmers. This alone has saved many millions of dollars annually to the farmers of the South and West in the last few years. In every state there are experimental farms in different parts of the state, often in cooperation with the farmers themselves. Each farm is an object lesson to the farmers of that section of the money value of intelligent farming. In 1913 in the state of Missouri the yield of corn per acre was double

that of 1901, both years being seasons of extreme drouth and heat, solely because of the Dry Farming methods employed in 1913 as taught by the Agricultural College. Every agricultural college constantly sends out demonstration trains, usually gladly furnished free by the railroads, to all parts of the state. These trains carry lecturers who demonstrate every form of farm activity. In some instances the crowds are so great to hear these lecturers that all business suspends, and all stores close during their visit.

In the state of Wisconsin, the Dairy Industry in all its branches, is one of the principal sources of revenue to the inhabitants, and it is almost entirely due to the teaching of the University of Wisconsin, at Madison. In Kansas the State Agricultural College at Manhattan has been foremost in teaching the farmers the inestimable value of the drouth resisting plants, such as Kafir Corn, Feterita, and Alfalfa, as dependable crops even in seasons of prolonged heat and drouth.

Such is the recital of some of the activities of the agricultural colleges of the State Universities. Their work has been prosecuted under many difficulties and discouragements. Inherited prejudice had to be overcome, and the sloth of indifference turned into a desire for success. But they have now come into their own, with the good will of the people of the state, and with steadily growing appropriations, that enable them to constantly enlarge their field of usefulness.

Pasteurizing Costs

The Department of Agriculture has issued a statement relative to the cost of pasteurizing milk. The average cost is set at \$0.00313 a gallon, and of cream \$0.00634 a gallon.

In considering the cost of pasteurizing, the investigators estimated the life of the necessary apparatus at four years, and the annual depreciation, in consequence, was figured at 25 per cent. This is due to the fact that the whole dairy apparatus must be taken apart after each operation in order to give it a thorough cleaning. This necessarily results in rough usage. The mechanical equipment, such as the engine, boiler, shafting, etc., has, on the other hand, been considered as depreciating at the rate of only 10 per cent per annum.

Meat and Cattle Imports

Under date of April 25, the Bureau of Animal Industry of the Department of Agriculture, reported on the imports of cattle, meats, and meat products for the month of February of the present year. During the month, 2,221 cattle were imported from Canada; 1,956 for slaughter; 107 for feeders and 158 for dairy and breeding. The heavy imports, however, were from Mexico. During the month the imports were 107,799, divided as follows: for slaughter, 9,586; feeders, 98,206; dairy and breeding, 7. The meats and meat food products imported during the month amounted to 10,766,286 pounds. The following table shows the country of export and the varieties of imported meats and meat food products:—

Country of export.	Fresh and refrigerated meats.		Canned and cured meats.	Other products.	Total.
	Beef.	Other.			
Argentina	4,346,565	.....	50,801	222,115	4,619,481
Canada	347,933	278,751	103,974	19,637	810,295
Australia	977,746	186,300	671,019	.....	1,835,065
Uruguay	2,401,855	892,225	6,759	.....	3,300,839
Other countries .....	.....	5,881	67,402	127,323	200,606
Totals	8,074,099	1,363,157	959,955	369,075	10,766,286

Hog Cholera

ARRANGEMENTS are being made for an anti hog cholera campaign in the middle west and south on a more extensive scale than has ever been attempted before. Thirteen states are to be selected. Work has been started already in seven and the whole of the intended area will be covered before the end of fiscal year.

In 1913 the Department of Agriculture started an anti hog cholera campaign including the states of Indiana, Missouri, Iowa and Kansas. One county was selected in each state and the quarantine regulations strictly enforced by the State Agricultural Commission. The loss from hog cholera for the states mentioned two years prior to the experiment had been almost 19 per cent. The loss in 1912 had amounted to over 25 per cent. Though the anti-cholera campaign was not started until late in the year 1913, the total loss was reduced to 14 per cent. Of the hogs inoculated very few were lost at all. In each county selected, whenever a report of hog cholera was sent in, inspectors were sent instantly to the infected farm. The ill hogs were separated from the well ones and protective inoculation was commenced, ultimately extending to the hog herd surrounding the infected farm.

The excellent results secured by this thorough method form the basis for the extensive campaign that will be undertaken this year. The general clean-up of the hog cholera situation is a more extensive undertaking in some ways than tick eradication in the southern states and can only be dealt with in a large way.

Canadian Wheat Costs

American wheat growers and farmers will be interested in a report of a Commission appointed by the Government of Saskatchewan "to examine into the ways and means for bettering the position of Saskatchewan grain in the European markets." Incident to this investigation the Commission looked into the cost of producing wheat under present conditions in that province of Canada. The cost of producing wheat is reported to be 55 cents per bushel on the farm and 62 cents per bushel f. o. b., cars at country points. According to the report, the cost of production has increased 12.15 per cent since 1909, while, on the other hand, the price of wheat paid to the Saskatchewan farmer has decreased from 81-1/5 cents per bushel in 1909 to 66-1/8 cents per bushel in 1913, leaving a net return, on this basis, of 4-1/8 cents per bushel to the farmer.

Rural Betterment

The National Civic Federation is to organize a Department of Agricultural Conditions and Rural Betterment. The names of the Committee on Plan and Scope have been announced by President Seth Low. The Chairman of the Committee will be Mr. Low. Thirty other members form the Committee, including in the list the leaders of organized farmers, representatives of the Department of Agriculture and the Department of the Interior, and students of farming, economics and finance.

Statements on Opposing Sides Relative to the

The Harter Act

(Words omitted from the Nelson Bill are printed in italics.)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it shall not be lawful for the manager, agent, master, or owner of any vessel transporting merchandise or property from or between ports of the United States and foreign ports to insert in any bill of lading or shipping document any clause, covenant, or agreement whereby it, he, or they shall be relieved from liability for loss or damage arising from negligence, fault, or failure in proper loading, stowage, custody, care or proper delivery of any and all lawful merchandise or property committed to its or their charge. Any and all words or clauses of such import inserted in bills of lading or shipping receipts shall be null and void and of no effect.

Sec. 2. That it shall not be lawful for any vessel transporting merchandise or property from or between ports of the United States of America and foreign ports, her owner, master, agent, or manager, to insert in any bill of lading or shipping document any covenant or agreement whereby the obligations of the owner or owners of said vessel to exercise due diligence to properly equip, man, provision, and outfit said vessel, and to make said vessel seaworthy and capable of performing her intended voyage, or whereby the obligations of the master, officers, agents, or servants to carefully handle and stow her cargo and to care for and properly deliver same, shall in anywise be lessened, weakened, or avoided.

Sec. 3. That if the owner of any vessel transporting merchandise or property to or from any port in the United States of America shall exercise due diligence to make the said vessel in all respects seaworthy and properly manned, equipped and supplied, neither the vessel, her owner or owners, agent, or charterers shall become or be held responsible for damage or loss resulting from faults or errors in navigation or in the management of said vessel, nor shall the vessel, her owner or owners, charterers, agent, or master be held liable for losses arising from dangers of the sea or other navigable waters, acts of God, or public enemies, or the inherent defect, quality, or vice of the thing carried, or from insufficiency of package, or seizure under legal process, or for loss resulting from any act or omission of the shipper or owner of the goods, his agent or representative, or from saving or attempting to save life or property at sea or from any deviation in rendering such service.

Sec. 4. That it shall be the duty of the owner or owners, master or agent of any vessel transporting merchandise or property from or between ports of the United States and foreign ports to issue to shippers of any lawful merchandise a bill of lading, or shipping document, stating, among other things, the marks necessary for identification, number of packages, or quantity, stating whether it be carrier's or shipper's weight, and apparent order or condition of such merchandise or property delivered to and received by the owner, master, or agent of the vessel for transportation, and such document shall be prima facie evidence of the receipt of the merchandise therein described.

Sec. 5. That for a violation of any of the provisions of this act the agent, owner, or master of the vessel guilty of such violation, and who refuses to issue on demand the bill of lading herein provided for, shall be liable to a fine not exceeding two thousand dollars. The amount of the fine and costs for such violation shall be a lien upon the vessel, whose agent, owner, or master is guilty of such violation, and such vessel may be libeled therefor in any district court of the United States, within whose jurisdiction the vessel may be found. One-half of such penalty shall go to the party injured by such violation and the remainder to the Government of the United States.

Sec. 6. That this act shall not be held to modify or repeal sections forty-two hundred and eighty-one, forty-two hundred and eighty-two, and forty-two hundred and eighty-three of the Revised Statutes of the United States, or any other statute defining the liability of vessels, their owners, or representatives.

Sec. 7. Sections one and four of this act shall not apply to the transportation of live animals.

Sec. 8. That this act shall take effect from and after the first day of July, eighteen hundred and ninety-three.

Approved, February 13, 1893.

Argument by Representative McKellar

THE Harter Act was passed in 1893. The original purpose of this Act was to protect exporters, and as it originally passed the House of Representatives it would have effected this purpose, but some other adroit and skillful amendments were placed on it in the Senate, nullifying this purpose. Before this Act, the laws of the United States forbade ship owners to exempt themselves in any way from liability for loss or damage at sea due to their own faults, errors or negligence. It was not intended by the promoters of this Act in 1893 that this should be changed, but as a matter of fact, by the amendments passed in the Senate, the law as to negligence was changed.

It is the object of the present Bill introduced by me, which is simply a reproduction of Senator Nelson's former Bill, to restore the law that existed prior to 1893, and in addition thereto, give our Courts jurisdiction and power to make the law effective.

The first section of the Harter Act is very sweeping.

From this section, following Senator Nelson's Bill, I have struck out the words, "from or," which limits the Act to vessels transporting merchandise from ports of the United States to foreign ports and omitting between different ports in the United States. At the end of the Section I have added: "or from faults or errors in the navigation or management of vessel, or whereby its or their liability is limited to less than the market value of such merchandise or property at the time and place of shipment."

It will thus be seen that under the first amendment of this section *vessels engaged in coastwise trade* are omitted from the Act, and this is done because under the law only American vessels can engage in coastwise trade. Our coastwise trade being entirely in the hands of American vessels any contracts they may make are entirely within the control of American Courts. But, if these same vessels engage in foreign trade then they come within the provisions of the Act.

The next change in the first section prohibits any vessel engaged in foreign trade contracting for an exemption from liability or for loss or damages arising from faults or errors in the navigation or management of said vessel; and it also prohibits the limitation of liability to less than the market value of such merchandise at the time and place of shipment. It seems to me a mere statement of this amendment to the Harter Act ought to convince any reasonable mind of the justice and wisdom of such an amendment. It was the law before the Harter Act, and was changed by an amendment to the Harter Act probably without such an intention on the part of those who favored the Bill. Surely, if merchandise is lost through the faults or errors in the navigation or management of vessels, the owners of such merchandise ought to be allowed to recover. Take the case of the Titanic, where admittedly the management of the vessel was negligent. Surely, there ought to be a right of recovery against the owners thereof. It is the law now that railroads shall be held for their negligence. It is the law that individuals shall be held for their negligence. It is the law that steamboats on navigable rivers are thus held. It is the law that street car companies and every

other kind of carrier is thus held; and there is no reason why ocean vessels using our ports, and nearly all of which, at least ninety-three per cent of which, fly foreign flags, should be so held.

And if they are held for their own negligence, then, of course, they should not be allowed to evade the law by limiting their liability for less than the market value of such merchandise or property. I am not sure that this amendment goes far enough. They ought to be required to protect human life in the same way they are required to protect property. Relieving them, as they are now relieved, from their own negligence is virtually licensing them to be negligent.

But, it is claimed that we ought to pass legislation which will encourage the upbuilding of American Merchant Marine. This is the old and threadbare argument of those who live on special privilege from the government. We ought to build up our own merchant marine, but not by giving the merchant marine of foreign countries license to be reckless with life and property. Be that as it may, however, the fact is, our foreign business is now done almost entirely, about 93%, in foreign bottoms, and we ought to hold these vessels to the strictest accountability, and certainly not license them to be negligent. They are combined in a trust now, and up to date it seems that no law has been able to reach them. Surely, if they use our ports we ought to prohibit them from being negligent with lives and property of our citizens.

The amendment in the third section simply makes the distinction between vessels engaged in coastwise trade and vessels engaged in foreign trade.

The amendment to section four is one that ought to commend itself to every American citizen, and doubtless does unless he is personally interested. The law, as it is now, requires a bill of lading or shipping document to show the merchandise to be delivered, etc. The amendment merely provides that every such bill of lading shall contain the provision to the effect that the shipment is subject to all the terms and provisions of and all exemptions from liability contained in this Act; and no stipulation or agreement purporting to oust or lessen the jurisdiction of the Courts of the United States or any state thereof having jurisdiction at the port of loading in respect to the bill of lading or shipping document shall be null and void and of no effect. In other words, we deliver our goods to be transported in foreign vessels, and under the present law, we fix the terms under which it shall be done, but we do not provide that this law shall be construed in American Courts. The amendment does so provide and it seems to me that the mere statement should commend itself to every fair minded American citizen.

After examining the files of the Committee on Merchant Marine and Fisheries, we find that only the Chambers of Commerce of Philadelphia, New Orleans, Seattle, Tacoma, Baltimore, San Francisco, New York and Galveston have filed protests with the committee against the passage of this Bill. We all know how these protests from Chambers of Commerce are obtained. The vessel owners, or those interested in their ownership are usually members of such ex-

changes and go before a few members or the management of the exchange and get these resolutions passed.

It must be understood that there is not a single shipper of freight to foreign ports protesting against the passage of the Bill; but the great body of shippers and exporters throughout the whole country are vitally interested in having their merchandise going to foreign ports protected by a law prohibiting the carriers from contracting against their own negligence and requiring such vessels to meet the owners of such merchandise in American Courts.

I represent one of the largest lumber markets of the world. I also represent one of the largest cotton markets of the world—Memphis. The exports from Memphis are enormous. Our merchants ship vast quantities of cotton and lumber and other products abroad. They have a right to a contract prohibiting these vessels from contracting against their own negligence in the control and management of said vessels. They also have the right to have liability of such vessels determined in American Courts.

In conclusion I quote as follows from a recent article on this subject:

"The special indulgence of shipowners granted by the Harter Act as it stands is a menace to the safety of the public at sea. All other common carriers are held liable in this country for the faults, errors, and negligence of their servants. No proposal to exempt railroads from such liability would be seriously entertained in Congress or in any legislature in this country. Yet the effect of such exemption is bound to be the same, in a general way, with any class of common carriers. In fact it is the same in all kinds of business or personal activity, and this is universally recognized. Almost all corporations and persons are or can be made liable for damages resulting from negligence on the part of themselves or their servants. Without such liability the practical incentive for care and precaution is removed. In all activities there is a natural tendency towards the relaxation of vigilance. There is also a constant tendency to get the business done in the easiest and cheapest way. These tendencies can only be counteracted by the persistent and unrelenting pressure of actual responsibility."

"Accidents at sea almost invariably result in loss of property. Loss of life is a much less frequent result. All the precautions that can be taken to prevent the loss of property are doubly effective in preventing the loss of life. There is no surer way of preventing loss of life at sea than by compelling all reasonable precautions to prevent loss of property. All such precautions are thoroughly and effectively compelled by making shipowners actually responsible for property losses and damages arising from faults and negligence of their servants. Under all the conditions of ocean navigation today, safety of life and property can really be obtained. The public realize that this is so and demand safety. Shipowners, of course, know better than any other class of people how to provide safety at sea, but business considerations lead them to equip and manage their vessels as economically as possible in all matters that do not affect the comfort or luxury of passengers."

Shipper's Interests Under the Amended Harter Act

Memorandum by Russell H. Loines, of New York

The Nelson Bill

(New matter is printed in Capitals.)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That an Act entitled "An Act relating to navigation of vessels, bills of lading, and to certain obligations, duties, and rights in connection with the carriage of property," approved February thirteenth, eighteen hundred and ninety-three, be amended in section one so that said section shall read:

"SECTION 1. That it shall not be lawful for the manager, agent, master, or owner of any vessel transporting merchandise or property between THE ports of the United States and foreign ports to insert in any bill of lading or shipping document any clause, covenant or agreement whereby it, he, or they shall be relieved from liability for loss or damage arising from negligence, fault, or failure in proper loading, stowage, custody, care, or proper delivery of any and all lawful merchandise or property committed to its or their charge OR FROM FAULTS OR ERRORS IN THE NAVIGATION OR MANAGEMENT OF SAID VESSEL, OR WHEREBY ITS OR THEIR LIABILITY IS LIMITED TO LESS THAN THE MARKET VALUE OF SUCH MERCHANDISE OR PROPERTY AT THE TIME AND PLACE OF SHIPMENT. Any and all words and clauses of such import inserted in bills of lading or shipping receipts shall be null and void and of no effect."

SECTION 2. That said Act be further amended in section three so that said section shall read:

"SECTION 3. That if the owner of any vessel transporting merchandise or property to or from any port in the United States of America shall exercise due diligence to make the said vessel in all respects seaworthy and properly manned, equipped, and supplied, neither the vessel, her owner or owners, agent, charterers OR MASTER shall become or be held responsible for damages or loss resulting FROM LATENT DEFECTS IN SAID VESSEL, from dangers of the sea or other navigable waters, acts of God, or public enemies, or the inherent defect, quality, or vice of the thing carried, or from insufficiency of package, or seizure under legal process, or for loss resulting from any act or omission of the shipper or owner of the goods, his agent or representative, or from saving or attempting to save life or property at sea, or from any deviation in rendering such service; AND WHEN THE VESSEL IS ENGAGED IN TRANSPORTING MERCHANDISE OR PROPERTY BETWEEN PORTS IN THE UNITED STATES OF AMERICA NEITHER THE SAID VESSEL, HER OWNER OR OWNERS, AGENT OR CHARTERERS SHALL BECOME OR BE HELD RESPONSIBLE FOR DAMAGES OR LOSS RESULTING FROM FAULTS OR ERRORS IN NAVIGATION OR IN THE MANAGEMENT OF SAID VESSEL."

Sec. 3. That said Act be further amended in section four so that said section shall read:

"Sec. 4. That it shall be the duty of the owner or owners, master, or agent of any vessel transporting merchandise or property between ports of the United States and foreign ports to issue to shippers of any lawful merchandise a bill of lading or shipping document stating among other things the marks necessary for identification, number of packages, or quantity, stating whether it be carrier's or shipper's weight and apparent order or condition of such merchandise or property delivered to and received by the owner, master, or agent of the vessel for transportation; and such document shall be prima facie evidence of the receipt of the merchandise therein described. EVERY BILL OF LADING OR SHIPPING RECEIPT RELATING TO THE CARRIAGE OF MERCHANDISE OR PROPERTY FROM A PORT IN THE UNITED STATES TO A FOREIGN PORT SHALL CONTAIN A PROVISION TO THE EFFECT THAT THE SHIPMENT IS SUBJECT TO ALL THE TERMS AND PROVISIONS OF AND ALL THE EXEMPTIONS FROM LIABILITY CONTAINED IN THIS ACT; AND ANY STIPULATION OR AGREEMENT PURPORTING TO OUST OR LESSEN THE JURISDICTION OF THE COURTS OF THE UNITED STATES OR OF ANY STATE THEREOF HAVING JURISDICTION AT THE PORT OF LOADING, IN RESPECT OF THE BILL OF LADING OR SHIPPING DOCUMENT, SHALL BE NULL AND VOID AND OF NO EFFECT."

THE present Bill is substantially identical with the Bill introduced in the Sixty-Second Congress by Senator Nelson. Hearings on Senator Nelson's Bill were held by the Senate Committee on Commerce on January 23rd, 24th and 25th, 1913, where the arguments, pro and con, were fully developed. It was apparent that whereas the Bill sought to amend the present law in favor of shippers of cargo, the subject really was reduced to a question of insurance. The Bill was never reported out of Committee.

EFFECT OF HARTER ACT

The present law and policy of Congress with regard to the obligations of shipowners to cargo owners dates from July 1st, 1893, when the Harter Act became effective. The Harter Act brought our law into conformity with that of the principal maritime countries, such as England, Germany, France, Belgium and Italy, which permit shipowners to exempt themselves by contract from liability for the consequences of negligence on the part of their servants. It was contrary to public policy in the United States to permit the carrier so to contract and the Harter Act provided accordingly. It brought the law of the United States into substantial conformity with that of other leading maritime countries.

The example of the United States has been followed by Canada and Australia which have passed similar statutes.

PRINCIPAL CHANGES PROPOSED

The McKellar Bill proposes to strike out from Section III of the Harter Act the exemption "from faults or errors in negligence or in the management of the vessel," with respect to vessels engaged in the foreign trade, but to retain it in respect to vessels trading "between ports of the United States." It further proposes to add to Section I a condition prohibiting an owner from exempting himself by clause in the bill of lading from liability for faults or errors in the navigation or management of the vessel. The effect of these amendments will make shipowners in the foreign trade, whether American or foreign subjects, absolute insurers against all liability arising from faults or errors in navigation or in the management of vessels whether such faults be committed in our own ports, on the high sea, or in foreign jurisdictions even though the owner may have exercised the greatest care in providing competent navigators, a seaworthy ship and proper crew.

NO INJUSTICE IN PRESENT LAW

It is contended that the exemption of the shipowner from responsibility for nautical faults is unjust to the shipper. As the Bill, however, exempts vessels engaged in the domestic trade which carry seven times as much cargo as vessels engaged in the foreign trade, the argument on the ground of justice is hardly valid. Perhaps the reason for the distinction made in the Bill is in the fact that in the coastwise trade most of the shipments move under insured bills of lading, in which the carrier takes the place of an insurance company. He pays the claim whether a loss occurs by the act of God or by perils of the seas

or by the fault of the carrier's servants. The carrier in turn insures his liability under these insured bills of lading with a regular insurance company, with the result that he charges the premium up against the shipper in the freight rate. The rates on coastwise or domestic shipments are very much higher in proportion than the rates on foreign shipments.

The question whether shipowners in the foreign trade should be made liable for losses through nautical faults, if judged by itself, is not a question of justice but of expediency. Congress has recognized the difference between shipowners and other carriers in this respect by the limitation of liability statute, which exempts a shipowner from any loss from such faults beyond the value of the vessel after the disaster. Ships are not common carriers in the sense that a railroad is a common carrier. Many of them are chartered and become private carriers.

SHIPPER INSURES RISKS UNDER PRESENT LAW

It is customary in all foreign shipments for the shipper to insure the goods. The policy of insurance must be annexed to the invoice, the bill of lading and the draft for the sale price of the goods, before the draft can be negotiated at a Bank. Such a policy must cover all losses by perils of the sea, or like perils, including those which have arisen through nautical faults such as stranding or collision. It is, therefore, a part of every-day commercial practice for the shipper to insure. The insurance on cargoes in the foreign trade is largely (80%) placed with foreign companies and the rates for the insurance are fixed by foreign markets. The shipper's policy could not as a practical matter exempt the risk of loss from nautical faults, (1) because the trade could not afford to incur the delay of collecting from the carrier losses due to such risk, which would often involve litigation, (2) because a loss due to collision or stranding through nautical faults might also cause the loss of the vessel and the limitation of liability Acts would shut the shipper out from any substantial recovery from the carrier, (3) because the Banks would not take a limited form of policy.

NO SAVING IN PREMIUM LIKELY

As a practical matter it is hardly conceivable that the shipper could effect any saving in the cost of his insurance, for the reasons stated. It is further apparent that as the policy of insurance covers many other risks from the point of shipment to the point of final destination, including fire, lighterage, inland transit, etc., the risk of loss by nautical faults is a small part of all the risks under the policy. The shipowner on the other hand would find the new burden such as to require an additional insurance, either by another policy on the goods or a policy against his liability.

ADDED COST OF SHIPOWNERS INSURANCE MEANS HIGHER FREIGHT RATE

The premium for such insurance would necessitate a fixed charge in the shipowner's business which would inevitably be reflected in the freight rates.

The net result would be that the shipper would get no reduction in his insurance rates; that he would ultimately be charged a higher freight rate and that the only beneficiaries of the proposed legislation would be the cargo underwriters who are to a large extent foreign companies. This aspect of the subject has been carefully considered by Boards of Trade and Commerce and resolutions have been passed by such bodies in New York, Boston, Portland, Mobile, New Orleans, Galveston, San Francisco and Seattle, opposing the proposed legislation on the ground that it imposes an additional burden on the great shippers and commission merchants of the country.

It is further contended by the proponents of the Bill that to hold the shipowner fully responsible for nautical faults would make for greater security at sea. But the shipowner has already sufficient inducement to provide security in (1) his interest to preserve his property, (2) the laws of all countries for maintaining standards of efficiency in equipment, manning, etc., and (3) the importance of ranking as a first-class insurance risk under the standards of the registration bureaus of Lloyds and other marine underwriters.

A change of policy in our law is open to objection in other respects. It puts American commerce at a disadvantage in competition with Canadian. On the Great Lakes it discriminates against an American or foreign vessel trading from a United States to a Canadian port. It interferes with the right of private contract for the employment of a ship where no public policy is involved. In its last analysis, it is for the benefit of underwriters and not of shippers of cargo; is an unnecessary and uneconomic change, and should be defeated.

MINOR CHANGES

The McKellar Bill proposes further to amend Section I of the Harter Act by making it unlawful for shipowners in the foreign trade to limit their liability to less than the market value of the goods at the time and place of shipment. Bills of lading commonly provide that the carrier shall not be liable above a certain fixed amount per package unless any additional value be declared and freight paid accordingly. The reason for this is that the current rates of freight are quoted for the commodities of average value, but for articles of large value which may require greater care in handling, stowing, etc., special rates are made. Shippers have ample notice of these conditions and have the option to pay the freight on full value or to be bound by the limitation in the bill of lading. Any complaint on the part of the shippers is due to their tendency to take the lowest rate of freight offered.

The Bill offers to shipowners in the foreign trade, as a substitute for the removal of the exemption for nautical faults, an exemption for liability for loss resulting from latent defects in the vessel. As owners now have the right to contract for exemption from liability for latent defects, the proposed change in the law is of little moment.

The amendments at the end of Section 4 are believed to be immaterial.

Building Commercial Organization Membership

By Emmett Hay Naylor

Secretary, American Association of Commercial Executives

The keynote of Mr. Naylor's interesting and illuminating paper is that organized effort in a community depends chiefly upon the spirit of the community itself. Mr. Naylor's clear conviction that a steady membership campaign the year round is better than a momentary enthusiasm, will prove interesting and will doubtless evoke many comments

It is conservatively estimated that the average commercial organization loses, from one cause or another, about ten per cent of its membership per annum. This being the case, the sustaining of a fixed membership is of pronounced importance. Without members there can be no organization; axiomatically yet bitterly true. Therefore, it is well to take serious heed of this condition which strikes at the very existence of the commercial organization. The loss must be offset. The question is: How can it best be done?

The trouble with the majority of organizations is that they consider the procuring of new members too often from the spiritual side. They think that by moral suasion, elusive influence, ephemeral enthusiasm and the like, that the mantle of loyalty will sporadically fall upon the multitude and that a circle will swarm within the fold. This may have been a blessing in the past, if a blessing it could be considered, but today, we are told, is materialistic and, therefore, no song of the siren will ever lure new members into any organization. It must now be a business proposition pure and simple. The tendency of commercial organizations nowadays is toward an efficient, effective basis. Therefore, the procuring of new memberships in the organization is the sale of memberships and a salesman never trusts to luck or to spiritual inspiration on the part of his buyers but plans out a systematic campaign to sell his goods and get results. And it is only by a systematic treatment of this proposition of getting new members that results ever will be attained. I do not mean to suggest that members can be secured for any organization purely and simply in a cold blooded manner or that they should be solicited in the same spirit in which they would be solicited to buy some commodity, yet I do maintain that the substantial, lasting members of any organization are procured by direct appeal to their business sense and not to any temporary enthusiasm upon their part. Since this consideration then resolves itself into a business proposition there must be some definite and best way to go about procuring members.

It is not the purpose of this article to set down any rules or regulations or to offer any "Open Sesame" to the question but merely to give the experience of several organizations in more or less of a standardized policy which, if followed out, ought to be productive of satisfactory results.

LOOKING OVER THE FIELD

First, in the consideration of procuring new members the present field of the organization should be looked over, that is to say, in the local organization the membership should be carefully analyzed as to just how many individuals, firms, etc., make up the membership. This membership should be properly classified. Every organization should have an alphabetical list and a classified list of its members. The necessity of having an alphabetical and a classified list is that where a firm is a member very often it is not known who represents the firm if the firm is allowed two or three representatives in the organization. Therefore, every firm that is a

member should signify exactly who its representatives are, so that a cross index may be established, and when it is asked if Mr. Jones is a member of the organization he is found either to hold an individual membership or membership as a representative of a firm. This saves a waste of effort where otherwise he might be solicited for membership in the organization since his name did not appear among the individual members and since the representatives of the organization were not listed. It is very obvious that it is desirable to avoid the embarrassment of asking a man to join an organization when he already is a member. Once the membership is properly arranged both as to individuals and firms with their representatives we turn to our next step.

SOURCES OF PROSPECTS

The question arises as to who are not members of the organization. There are several sources from which this information may be obtained—the City Directory, lists of Clubs and other organizations, and the tax list. It is no small task to go through these lists and check off those who are members of the organization, but once this is done there remains a fertile field for direct operation. In the average organization of a city of sixty to seventy thousand people, from three to four thousand names may well be selected—individuals and firms who should be members of the organization. These names should be listed on cards. The card should contain the name of the person, the address and business. Also there should be room on the card to note who the solicitor is, the date of solicitation and the result. There should be space on the card for three solicitors' reports on one name, the purpose of which will be explained later. These cards should be made out in duplicate, one blue, and one white. When these three or four thousand cards are made out, then there should be printed a complete list of the prospective members, both alphabetically and classified as to business. The cards in their drawer also should be arranged according to volume and classification of business.

Now that the material is in hand we come to the organization of the Membership Committee. There should first be selected a Chairman who has clearly in mind organization work, a man who is a natural leader and who will be willing to keep everlastingly at it during his year of incumbency. The average Membership Committee in an organization of one thousand should be composed of about forty-five members—a Chairman, four Captains and forty workers. The year should be divided into four divisions of three months each. Each Captain, with ten men, should take three months, and thus will the work be equally divided throughout the year. If, however, it is not desirable to operate during the summer months the year can be divided into eight months, nine months, etc., so long as the time of operation is equally allotted. The point of having this time equally allotted is that if the loss of membership is ten per cent per annum there may be consistent work throughout the year to build up and increase the membership.

STARTING THE CANVASS.

Now that we have the prospective members at hand and the committee organized, we take up their actual work. The entire Membership Committee is called together by the Chairman and the time allotted to the four Captains and their men. It is generally well to call this meeting at luncheon or at dinner time. The first thing that the men should have placed before them is the argument as to why a man should join the commercial organization. They must understand all the facts clearly so as to meet every objection and to "sell their goods" with a thorough understanding. When the next year's work has been planned out this preliminary meeting may be adjourned. The Chairman then immediately calls another meeting later of the Captain and his men who are to operate for the first given time. The sheets on which are printed the names of the prospective members are read by the Chairman. Now comes the point of showing the desirability of having prospective members classified as to business and volume. For instance, the Chairman reads the name of a plumber. If there is a plumber on the Membership Committee, naturally he would select the prospective plumber. The Chairman reads the name of a sash and door manufacturer. If there is a lumberman on the committee he might select that man. Also the Chairman will read the names of various people who do different volumes of business, and the cards should be given out with care; that is to say, a man who is doing a comprehensive business in the city should be seen by a man who is doing an equally large amount of business. You would not send a small grocer to influence a bank president. It is always well to solicit men on their own financial as well as social level. The Chairman, as stated, reads the list, and as he reads the name of a prospect and some member of the committee says that he will take that person, the Chairman marks opposite the listed name the name of the man on the committee who is to solicit that prospect for membership in the organization. The man on the committee is given one of the white cards. This is kept up until each man on the committee has about ten names. He then knows exactly to whom to go, what their business is, etc. The Chairman then takes the list from which he has read and turns it over to an assistant who from the list transfers to each blue card the name of the person who has selected that card and the date of selection. By this system a complete card record is always at hand of exactly who is being solicited and who is the solicitor in each case. In a week the committee meets again; reports are called for. If a man has been successful in securing a member the white card is handed in. If that member of the committee has not been able to procure his man the card is turned in with the reason for failure. That name is read out again and given to another man who thinks that possibly he may be able to get the prospect. However, after the card has been given out three times and the prospect has not been procured that card is generally then placed in a drawer by itself among the "dead

ones," and contains thereon the three reasons given three men for his not joining. In procuring a new member it is necessary to have the new member, always sign an application blank and pay his initiation fee. This then does not allow him to say that his name was handed in by somebody else. The Directors of the organization at their monthly meeting should always elect the recommended new members.

ADVANTAGES OF METHODOICAL WORK

The above system shows two or three definite things. First that your committee has a definite period in which to work, its energies are concentrated—each man has certain people to see and knows definite things about them; prospective members are all carefully listed; there is no lost motion; it is known exactly who are being solicited or to be solicited and who are not worth while going after. This saves the embarrassment of two or three men going after one man. In the vernacular of the day, this system will, when carried out for a year or two, have gone through the entire community "as with a fine tooth comb."

There is one point that must be carefully noted though and that is when new members are procured their interest should be immediately clinched. After two or three months have gone by and a large group of members have been brought in they should be brought into committee work, should be interested and started on the right road, as it were, with a pat on the back. Of course, the usual detail of notifying them of election, sending them certificates of membership, etc., is properly attended to in the average up-to-date organization.

QUICK CAMPAIGNS DISCUSSED

The question now arises as to the desirability of a Membership Campaign. There is a wide divergence of opinion on this subject. A great many organizations have found Membership Campaigns worth while and others have found them worthless. A Membership Campaign is good for procuring a large number of members in a short while, but the great trouble is that a great many members are often brought in on a wave of enthusiasm and are very short lived. A popular way of conducting a Campaign is to divide your Membership Committee as outlined into two teams, possibly called "The Red" and "The Blue." These teams can sub-divide themselves and organize as they will. It has been found desirable to offer a prize to the side that gets the most new members; also a prize to the individual securing the most new members, such prizes being the losers paying for a dinner to the winners and the individual getting a stick pin or something of the sort. But in a Membership Campaign it should be carefully noted that all new members should be made to sign an application blank, to avoid the following circumstances:

John Smith, a member of the Membership Committee, goes in to see William Jones, a prospect, and says, "Bill, I am a member of the Chamber of Commerce, and we are trying to get

in a lot of new members. Now our side is trying to beat the other side and I want to get you in;" whereupon Jones replies, "Well, John, I don't want to belong to your organization. I can't see that it will do me any good. What shall I get out of it?"

"Well, never mind about that. I haven't time to argue with you now, all I want is your name."

"All right John, you can put my name in, if it will help your side any."

Whereupon John Smith signs William Jones' name to the certificate and his name is handed in as a good member.

Then comes the time when the bills are sent out and Mr. Jones is sent a bill for his fees and dues. He immediately says, "Why I didn't join the organization." You can't show him a slip that he has signed; you have no way of proving it, and surely John Smith is not proud enough of the way in which he got Mr. Jones to stand up and insist that he is a member.

It is found that in most Membership Campaigns this is the great trouble—a large percentage of the new members are froth and do not last. They come in in the enthusiasm of a moment and their spirits soon die down. The member who is procured in the quiet of a consistent campaign which lasts throughout the entire year is always the member who remains the longest and is the most loyal.

There are a great many professionals—individuals and concerns—in this country who come into your organization and run Membership Campaigns. Their results are variable. The average Membership Campaign can just as well be run by the members themselves if one or two leaders can be procured who have some idea of system and go at the thing in a consistent and persistent manner.

STANDING COMMITTEE DESIRABLE

The Standing Membership Committee, organized as suggested before, can at any time have a brief Membership Campaign. The organization of a committee of forty-five men, in other words, can at any time form themselves into a Campaign Committee. This can be one of the results, if desired, of this suggested committee arrangement.

Some organizations have paid solicitors. This, however, cannot apply to the average commercial body. The Merchants' Association of New York, being a very large and comprehensive organization operating in our greatest city, has paid solicitors. This they find works well. Other organizations have paid solicitors, but they are all large organizations in large cities. The paid solicitor never should be employed in a city of from two hundred thousand down.

SCRUTINIZE RESIGNATIONS

If ten percent of the membership of every commercial organization resigns annually there is no reason why all of these resignations should be accepted, and the Membership Committee should be very careful to consider all resignations before they are accepted. The Chairman and the four Captains generally are the five best men in the membership work, and they can well form themselves into a committee to consider all resignations and to see a great many of the men and save them for the organization.

However, no matter how active and how ingenious a Membership Committee may be it never can procure members for an organization that does not "produce the goods," as the saying goes, in its activities. Your commercial organization must first and foremost have a good reason for exist-

ence. It must work on the right principles; it must produce results; it must have the confidence of the community and must in itself, without solicitation, offer inducements for membership. Once an organization meets all of these requirements the work of the committee is comparatively easy.

This plan of procuring membership applies to state, territorial or national organizations. The membership should be analyzed, prospective members listed and a systematic campaign instituted.

VARIED ARGUMENTS GOOD

It is to be hoped that there will be no misunderstanding of the statement made in the beginning of this article—that the procuring of members is a business proposition. What is meant by that statement is this:—

The procuring of members is not a hit or miss procedure but must be on a systematic, studied basis. The human element plays a large part in the matter. It is a case of contact between two men, one a solicitor and the other a prospective member. While it is stated that the procuring of a new member is in a way the sale of a membership, yet, of course, appeal must be made to the man's interest in the community in which he lives or in the purpose and work of the organization in which he is to take the membership.

LOCATING RESPONSIBILITY

There is no objection, of course, to members, whether they are on the Membership Committee or not, procuring new members. In fact every individual in the organization should be urged to get his friends to join, but the membership at large must not be depended upon to procure the steady income of new members which is necessary for the continued success and prosperity of the organization. There must always be a regular "selling force," a replenishing body or whatever you care to call it—the Membership Committee—some definite group of men who will be directly responsible for maintaining and increasing the membership of the commercial organization.

Central Committees

In the Association of Commerce of Chicago, in the Board of Commerce of Detroit and elsewhere throughout the Nation, there are Committees in operation bearing in some cases the name "Ways and Means," in others, "Central," and others, "Committee of One Hundred," etc. Such committees are intended to bring to a focus all the activities of an organization, or to be alert relative to things that should be taken up by specific committees, or to serve as a rallying point for the enthusiasm of the organization as a whole.

Statements are invited from organizations in cities of less than 100,000 as to the formation and activities of such central committees and the results that have been secured. Such communications are asked in order that the smaller organizations of the country may adapt to their needs some of the successful methods that have been tried out by the organizations in the very large cities.

Education for Efficiency

Rochester School Changes

WITHIN the next year, in the City of Rochester, N. Y., at least one junior high school will be built taking the 7th and 8th grade, and first year high school pupils of one section of the city. There will be three departments:—academic, commercial and vocational. This will care for a certain class of boys and girls who are now leaving school at or before the 8th grade.

The Board of Education has given its permission to begin Continuation work. The work has not as yet been started. However, one or two firms have asked if it would not be possible to take their employees between the ages of fourteen and sixteen for one-half day a week. This will undoubtedly be done next year.

The Evening Schools afford an opportunity for a large number of workers to take advantage of the trade, commercial and academic courses and about 7,000 persons took advantage of these courses the past winter.

The splendid co-operation shown by the employers is due largely to the Chamber of Commerce, which, through its Committee on Commercial and Industrial Education, has made a survey of three industries of Rochester:—woodworking, metal working, and the clothing trade, and has perfected an agreement between the machine employers and the Rochester Shop School, whereby the boys are given a two year course in the Machine Shop at the Rochester Shop School and are then given places in the best machine shops in Rochester at a wage far in advance of what they would receive without previous training. The same committee is at present working on similar agreements in the woodworking and clothing trades.

Compulsory Continuation

In September next there will be opened in Boston under the authority of State law, compulsory continuation school classes for all young people between fourteen and sixteen years of age who are in employment. This law compels the attendance of these young workers at continuation school for not less than four hours per week during the regular school term of forty weeks. The expense of maintenance of these schools is to be divided equally between the State and the City of Boston.

At the present time there is in the Certificating Office of the School Committee a representative who is interviewing each boy and girl between fourteen and sixteen years of age who is leaving school for employment or who, having had a certificate, is applying to the office for another certificate for employment in a new position. In this way the authorities will have complete information concerning all young workers between fourteen and sixteen years of age, who have received employment certificates subsequent to the enforcement of the law, and the office will be in a position to assign these boys and girls to the proper continuation school classes.

In order that the authorities may be able to locate the various classes in the most accessible position for pupils, they will have painted on one of the walls of the Certificating Office a map of the city. On this map thumb tacks of various colors will be used to indicate the specific type of instruction which will be given in classes, and also to ascertain in what districts classes ought to be established.

THE TYPES OF CLASSES

The classes will be of three distinct types:—General Continuation Classes, which will be conducted for those workers who desire to fit themselves for lines of work in which a good general education is a necessity, such as stenographers, newspaper reporters, advertisement writers, doctors, lawyers and, in rare cases, for those who wish to enter college; Pre-Vocational Continuation Classes, which will be conducted for those boys and girls, who, no matter what their present employment may be, wish to fit themselves for some definite trade or occupation which demands a certain amount of skill, such as carpenters, electricians, machinists, dressmakers, milliners or power machine operators, etc.; Trade Continuation Classes, which will be conducted for those boys and girls who are at the present time engaged in a given trade and in which they desire to secure an added technical knowledge which is related to success in this trade, but which they can not hope to secure in the specific job which they are at present holding.

In Pre-Vocational Classes, it is proposed to offer to those boys and girls who do not know just what they would like to do, but who are inclined toward a trade, opportunities for each individual to test himself in several lines of trade work, in order that he may ascertain whether or not he is possessed of the natural aptitude which is demanded, and in order that he may learn whether or not he has a liking for the work. In case a pupil believes he has found his proper calling, an attempt will then be made to place him in employment where he can go on with preparation for that calling, and in such case, he will be transferred to a Trade Extension Class.

TWO VITAL FEATURES

In response to a request sent to W. Stanwood Field, Director of evening and continuation schools in Boston, to whom we are indebted for the facts of this article, Mr. Field makes two vitally interesting statements—first, as to the preparation of teachers, and second, as to the cooperation of employers. These statements are quoted below:—

"In response to your second question as to what preparation the city is making, I would say that at the present time we are conducting two distinct courses for the training of teachers for these compulsory continuation schools. The first class is made up of forty public school teachers, equally divided between men and women. From this class will be chosen those teachers who will give academic training for pupils in the various classes. Women will teach girl pupils and men will be in charge of boy pupils. The second class is for industrial training. (The members are from the ranks of actual workers in various factories." Ed.)

In regard to your third question concerning our ability to secure cooperation of employers, I beg to say that it is my present purpose to have the Assistant to the Director spend a large portion of his time calling on the heads of houses in which the greatest number of these young people are now employed, and ascertain the wishes of such persons regarding the most convenient hours, and secure suggestions which they may wish to make regarding the most appropriate instruction for their employees. Of course, I anticipate some difficulty in securing the cooperation of some employers, especially those in outlying districts, but since the law is mandatory, we shall no doubt be obliged to use our attendance officers for the purpose of compelling attendance. However, I believe that through the cooperation of the Chamber of Commerce and by developing a public sentiment in favor of giving an opportunity for additional education to those who through misfortune or ignorance left school, these difficulties will be surmounted."

Efforts and Activities of Commercial Organizations

City Planning

THE following letter has been received from Geo. B. Ford, member of City Planning Committee of the Merchants Association of New York:—

"THE NATION'S BUSINESS" for January 15, 1914, says:

"A number of organizations regard their efforts in the direction of city planning as one of the most important achievements of the year." Then it goes on to cite a number of cities in which the Chambers of Commerce have taken an important part in promoting city planning work.

A great movement for city planning has spread over the country within the past few years. The same business forethought is being applied to the community that the successful business man is applying to his own private affairs. Communities are profiting by the mistakes of the past, and planning to avoid them in the future by arranging for an orderly growth.

The various phases of the development of a community can be grouped under four heads: industrial, city planning, administrative and social. It is obvious that the first work of the Chamber of Commerce is along industrial and commercial lines. After the industrial work it will be seen that city planning is the next most important work for the Chamber of Commerce to take up, because city planning, in its right interpretation, is making the city as a whole a better place to work and live in. It consists in providing attractions for industry, business and labor so that the community will have a prosperous and satisfactory growth.

MATERIAL EFFICIENCY

The phases of city planning work which are directly connected with Chamber of Commerce work are many and include the greater part of the range of city planning. In any right city planning, the first consideration is the handling of goods and of people. It includes the handling of the food supply and general freight by the railroads or along the water front or in the streets, and the handling of people on the streets, in street or rapid transit, and on the railroads. These matters are the very structure and backbone of city planning and unless primary consideration is given to them any scheme of development for the city will be unable to stand the test of use. These problems of transportation involve studying the location and arrangement of and the approaches to railroad freight stations and passenger stations, the development of the water front, whether it be on the ocean, a bay, a river, or a canal so that it can be used to best advantage commercially, the study of all movement of traffic in the streets so that people and goods will circulate freely without congestion and its attendant loss of time and money. All of these involve, further, a cutting through of new streets to relieve congestion, the widening of old streets or the paving or grading of streets to satisfy their present or probable use, and the re-routing and re-scheduling of transit lines.

VALUE OF ATTRACTIVENESS

City planning is also directly connected with Chamber of Commerce work in making the community an attractive and desirable place to live in. It means providing better housing and better recreation facilities, better markets, ever making the community more attractive in the appearance of its streets, squares, parks and build-

ings. No matter how good the industrial features may be, unless the community is attractive to labor, a sound and healthy development of the community is hardly probable.

Again, city planning and Chamber of Commerce work come together in the development of the new districts of the city. There is a great opportunity to avoid the mistakes of the past and to work out complete industrial, commercial and housing schemes so that property which is peculiarly suited to industrial use will be laid out in every way to facilitate such use and land which is particularly set aside for residential use shall be so laid out as to be particularly adapted to that use. It is the same principle which we find in business, of applying experience gained from successful examples all over the country to the particular needs of the local problems.

APPLYING BUSINESS METHODS

The question arises as to what Chambers of Commerce can do to help city planning along, and what they should do first. The method of procedure is similar to that used in private business. The first thing to do is to size up the whole situation and take account of stock, an inventory if you will, and from the data thus secured lay out a program of work covering the whole range of the field and lay it out in such an order that the most crying needs may be taken up first and the less important ones later in the order of their relative urgency. This stock taking will provide a great amount of graphic material for publicity and will furnish the Chamber of Commerce with an abundant mass of "talking points." With these facts and this program before them the city authorities will have to yield to public demand and carry on the city planning work themselves. There are many examples throughout the country where Chambers of Commerce have succeeded in getting things started by a method similar to this. In some cases the Chamber of Commerce and the city have divided up the expense of this preliminary work between them and the city, with the advice of the Chamber of Commerce, has then carried on the more detailed work itself.

THE SUPREME GUIDE

Of all the organizations in a city,—civic organizations, churches, women's clubs, and social organizations, the Chamber of Commerce is the one organization above all others which is peculiarly suited to undertake city planning work. This is because city planning is directly connected with the industrial and commercial work which is the reason for the existence of the Chamber of Commerce. The savings which the manufacturer has succeeded in making by applying efficiency methods in his own plant are often more than equaled by his losses due to poor and congested streets and antiquated freight transportation facilities. Complete industrial and commercial efficiency is impossible in an unplanned city. Furthermore, the Chamber of Commerce is usually the only organization which can raise the amount of money necessary to start city planning work and more important still the say-so of the successful business men who compose the Chamber of Commerce and who are also the leading taxpayers of the community carries vastly more weight with the governing bodies of the city

than the supposedly fanciful dreams of most of the other organizations in the city.

If city planning in America is going to proceed along permanently satisfactory lines it will be because the Chambers of Commerce have promoted it and backed it. If they do not, most of the work which we are doing now will have to be done over again in order to make it permanently right. The Chambers of Commerce have a great civic duty before them in directing and promoting the healthy and reasonable growth of our cities."

Advertising Experts

The men who believe in "truth in advertising," members of the Associated Advertising Clubs of America, are looking forward to the 10th Annual Meeting which is to be held in Toronto, June 21 to 25. The program is fully set forth in the May issue of "Associated Advertising." It is very comprehensive. The program starts this year as it has for two years past, with lay sermons in the leading pulpits in Toronto. Another feature of the Sunday exercises is the recognition of 100 years of peace among English speaking races. The program as a whole, except in a number of important general meetings, is carefully divided so that each type of advertising receives full consideration by those interested in it.

Consolidation Movement

STEPS have been taken in Erie, Pennsylvania, for consolidating the Board of Trade and the Chamber of Commerce. The name of the new body is expected to be the Board of Commerce. The reports relative to consolidation were made by a joint committee made up of members from both bodies.

Consolidation of commercial organizations is going on in various communities. Reference is made to the Erie consolidation because accompanying it was a Committee Statement which made clear the importance of consolidation. A quotation from the report of the Committee representing the Chamber of Commerce is here included.

REASONS FOR CONSOLIDATION

"After a careful survey we find the conditions as now existing in this city by reason of two organizations trying to cover the same field of civic endeavor necessarily resulting in much duplication of effort, and as more than two-thirds of the members of one organization are also members of the other it further results in great loss of time on the part of those who are active in both bodies.

It also becomes very apparent that one strong civic body can do much more effective work with less financial outlay and loss of time to its members than can two or more smaller bodies covering the same field, even though they may work in perfect harmony.

In this day of modern business method when reduction of overhead charges and increase of efficiency are considered so essential for successful results it seems remarkable that business men should continue to maintain a system for the betterment of civic conditions which is so out of keeping with the methods each would employ in the conduct of his personal affairs.

The many great problems, social, moral, sanitary, and economic which require increasing attention from every community, demand for their solution the best thought and united action of the best men of the community and this can only be obtained in its highest efficiency by having one strong central organization, the members of which are imbued with the sense of personal obligation and the willingness to do for the general good of all.

After an earnest and careful consideration of the subject the committees appointed by the Board of Trade and Chamber of Commerce to investigate the desirability of a merger for the two organizations have agreed to report as stated."

The joint committee made five recommendations: first, as to name and dues; second, as to those eligible; third, as to location of the offices of the Board of Commerce; fourth, as to property belonging to both organizations; and fifth, as to an Organization Committee consisting of five members from each of the trade boards, this Committee to undertake all necessary legal steps involved in a merger; to prepare constitution and by laws, and to submit the same at a general meeting of the new organization.

Get This Book

Archibald J. Wolfe, Commercial Agent of the Department of Commerce, is the author of a book of 170 pages, dealing with the Commercial Organizations in Germany. This appears as Special Agents' Series No. 78, in the publications of the Bureau of Foreign and Domestic Commerce, in the Department of Commerce. The volume traces at the outset the development of German commercial organizations and then describes in detail the various kinds of organizations that are active in Germany. These are classified as follows: (1) National commercial and industrial organizations; (2) Organizations to promote commercial relations with individual countries; (3) State and provincial manufacturers' organizations; (4) Independent commercial organizations; (5) Combinations to control output and prices; (6) Chambers of Commerce; (7) Chambers of agriculture and agricultural organizations; (8) Railway and waterways advisory councils; (9) Chambers of trades. The closing portion of the book, deals with state aid to commerce.

This book should be in the hands of all secretaries interested in the organized promotion of community or specific trade development. It can be secured from the Superintendent of Documents, Government Printing Office, for 25 cents.

Collecting Dues

Information Desired

A number of commercial organizations experience much loss of efficiency in collecting dues from their membership. While some members are prompt in payment of dues, others are very dilatory. The Secretaries of commercial organizations are requested to send to this office an expression of opinion as to the best methods for collecting the funds of a commercial organization. Commercial organization work as a whole would be aided by any suggestions that successful organizations can give to others. Communications on this subject will be printed in later issues of THE NATION'S BUSINESS.

JUVENILE WORK:—Much comment is now appearing relative to the Juvenile Club of the Winston-Salem Board of Trade. The activities of this club are receiving deserved praise. The method was fully described in THE NATION'S BUSINESS of February 1913, on page 3. It represents an organized effort to place high school boys at the service of the city. Every boy takes the Athenian oath. Some few copies of the February number of last year can still be supplied.